



## County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
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WILLIAM T FUJIOKA  
Chief Executive Officer

May 25, 2010

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

The Honorable Board of Directors  
Los Angeles County Public Works Financing Authority  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Board Members:

### **PUBLIC HEARING TO ESTABLISH THE LOS ANGELES COUNTY ENERGY PROGRAM (ALL DISTRICTS) (3 VOTES)**

#### **SUBJECT**

On April 6, 2010, your Board adopted a resolution of intention (the Resolution of Intention) to implement the Los Angeles County Energy Program (LACEP or Program) to provide financing to qualified property owners within the County for the installation of distributed generation renewable energy projects and energy and water efficiency improvements to their respective properties. Pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (the Act), your Board also set a public hearing date of May 25, 2010, to formally approve the Program and to provide an opportunity for public comment. The adoption of the enclosed resolutions will establish LACEP within the boundaries of the County and authorize a program of bond financing for loans made in connection with LACEP. Following the conclusion of the public hearing, incorporated cities within the County will have the opportunity to join LACEP through the adoption of a resolution by their respective city councils. The financing plan being presented to your Board is predicated on the issuance of bonds secured by contractual assessment revenues (Assessment Bonds) and will be validated in the Superior Court of Los Angeles County.

#### **IT IS RECOMMENDED THAT YOUR BOARD:**

As contemplated in the attached County Resolution Authorizing the Establishment of the Los Angeles County Energy Program, and Indenture (attachment 1):

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

1. Confirm the program report (attachment 2) prepared by the Internal Services Department (ISD) in accordance with Section 5898.22 of the Act and approve the formation of the contractual assessment program in connection with LACEP;
2. Direct the establishment and implementation of LACEP as provided for in the program report and in accordance with the applicable law; and
3. Appoint and designate the Director of ISD (the Program Administrator) to enter into contractual assessments with property owners on behalf of the County.

As contemplated in the attached County Resolution Authorizing Certain Actions in Connection with the Issuance and Sale of Assessment Bonds, and Indenture (attachment 3):

1. Establish a special fund to be held in trust by the County (the "Energy Fund") to be used for the purpose of administering LACEP;
2. Approve the issuance of the Assessment Bonds for the purpose of funding LACEP and authorize the execution and delivery of various financing documents in substantially the form presented to your Board at this public hearing; and
3. Authorize the Chief Executive Officer (CEO) and the Treasurer and Tax Collector (Treasurer), or their designees, in consultation with County Counsel and with the assistance of bond counsel, to prepare and cause to be filed and prosecuted to completion all proceedings required for judicial validation of the contractual assessments and LACEP financing instruments.

**IT IS RECOMMENDED THAT YOUR BOARD, ACTING AS THE BOARD OF DIRECTORS OF THE LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY:**

As contemplated in the attached Los Angeles County Public Works Financing Authority (Authority) Resolution Authorizing Certain Actions in Connection with the Issuance and Sale of Assessment Bonds, and Indenture (attachment 4):

1. Approve the issuance of the Assessment Bonds for the purpose of funding LACEP and authorize the execution and delivery of various financing documents in substantially the form presented to your Board at this public hearing; and
2. Authorize the CEO and Treasurer, or their designees, in consultation with County Counsel and with the assistance of bond counsel, to prepare and cause to be filed and prosecuted to completion all proceedings required for judicial validation of the contractual assessments and LACEP financing instruments.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The public hearing with respect to LACEP is being held to allow interested persons the opportunity to comment upon, object to, or present evidence with regard to the proposed contractual assessment program. The public hearing is required pursuant to the Act and will serve to formally establish the Program within the boundaries of the County. Following

completion of the public hearing, the County will pursue judicial action to validate the priority status of the contractual assessment lien and to establish a program of bond financing to provide funding for loans made in connection with LACEP.

As referenced in prior correspondence to your Board, LACEP is being formed in accordance with California Assembly Bill 811 (AB 811), which was approved by the State Legislature and signed by the Governor on July 21, 2008. LACEP is intended to help property owners make capital investments in distributed generation renewable energy sources and energy efficiency and water efficiency improvements (collectively, the Improvements) that will provide long-term efficiencies and reduced energy bills. The Program will provide a financing mechanism for these improvements through an assessment contract between the County and the property owner, pursuant to which the County will disburse a specified amount of funding in the form of a loan to the property owner. The property owner will repay this loan through contractual assessments to be included on the annual property tax bill. If the owner sells the subject property prior to full repayment of the loan, the obligation remains a lien on the subject property and transfers to the new property owner. The County intends to finance the Program by issuing (or causing to be issued) bonds payable from contractual assessment revenues. Participation in the Program is completely voluntary and property taxes for non-participating property owners will not be affected by the County's implementation of LACEP. In addition, the Improvements will not generally be subject to reappraisal by the County Assessor unless they are included as part of a major remodeling or renovation that results in a structure substantially equivalent to new construction.<sup>1</sup>

In connection with your Board's adoption of the Resolution of Intention, on April 6, 2010, ISD was directed to prepare a report (Report) detailing certain items in relation to LACEP, as required by Section 5898.22 of the Act. This Report has been filed with the Executive Office of your Board and is included as part of the public hearing. In the Report, the Program Administrator provides the following information regarding LACEP:

- A description of the territory wherein contractual assessments will be made available and a process for cities to join LACEP;
- Identification of the types of facilities, distributed generation renewable energy sources, or energy or water efficiency improvements that may be financed through the use of contractual assessments;
- A financing plan for raising capital and funding installation of the Improvements; and
- A draft assessment contract specifying the terms and conditions that will be applicable to the property owner and the County.

In addition to the above information, the Report also provides a summary of the benefits to be recognized following the implementation of LACEP. By the end of 2012, LACEP seeks to achieve energy retrofits for 15,000 single-family homes in unincorporated areas of the County, with the potential to add \$150 million to the local economy. LACEP also intends to create an estimated 1,600 home energy retrofit jobs and as many as 1,000 ancillary jobs in fields such as

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<sup>1</sup> An exception is the construction or addition of a qualified solar energy system, which is specifically excluded from reassessment under Section 73 of the California Revenue and Taxation Code.

workforce development, local manufacturing, product distribution, and research and development. These improvements to the local economy are in addition to the environmental objectives associated with LACEP and the goal of reducing the County's annual greenhouse gas emissions (attributable to its existing housing stock) by 20,000 tons of carbon dioxide annually. The benefits to both the economy and the environment are expected to increase dramatically once individual cities join LACEP, as the above forecasts were quantified solely for unincorporated areas of the County.

The program design elements of LACEP are being managed by ISD and a consultant team (Project Team) that has been engaged to assist with the development of the Program. This process is near completion and will establish the criteria for eligible projects and properties, the available rebates and incentives, and the processes for approving and funding the Improvements. The details of the program design phase are currently being presented to various stakeholders (County staff, cities, utilities, contractors, regulatory bodies) for comment and review. The Project Team is also preparing a Program Administration Plan that will include tools for administering, tracking and reporting all necessary data concerning projects, loans, and program benefits. This effort will include a number of activities, such as coordination with stakeholders involved with building efficiency and renewable resource retrofit programs, development and implementation of a marketing and outreach strategy, and implementation of Environmental Service Centers (ESCs). The ESCs will make use of electronic media, community events and strategically located venues to promote environmental programs and LACEP. To assist the public and other stakeholders in becoming acquainted with LACEP, a manned, toll-free number has been established and a website has been activated to provide Program information and updates.

Following your Board's adoption of LACEP on May 25, 2010, major elements of the program implementation phase will begin. By July 2010, a "toolkit" of information will be made available for cities to assist them in joining the Program and promoting it within their jurisdictions. Also by July, the ESCs will be provided with program materials and a deployment plan will be implemented. The goal is to formally launch LACEP in September 2010 (following the conclusion of the judicial validation) and secure participation from a majority of the 88 cities in the County. While the initial implementation phase will be limited to residential properties, a commercial program is also being developed in accordance with AB 811. Additional details regarding the implementation of the residential program, and the future design of a commercial platform, will be provided to your Board in bi-monthly reports submitted by ISD.

#### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

By providing financing that may not otherwise be readily available to property owners, the County is promoting energy and water conservation, and the reduction of greenhouse gas emissions, which supports the County Strategic Plan Goal 1, Operational Effectiveness. This action also supports the County Strategic Plan Goal 3, Community and Municipal Services, by providing property owners a means to finance improvements that will result in utility cost-savings and improve their quality of life.

## **FISCAL IMPACT/FINANCING**

### **Grant Funding**

In October 2009, your Board accepted the County's allocation of \$15.4 million in Energy Efficiency and Conservation Block Grant (EECBG) funding received under the American Recovery and Reinvestment Act. The County has identified approximately \$12.2 million of this EECBG funding to support the implementation of its AB 811 program and related activities, including ESCs, public information and outreach.

In November 2009, ISD, in collaboration with the Association of Bay Area Governments, the Sacramento Municipal Utility District, and the San Diego-based California Center for Sustainable Energy, submitted a single, statewide application to the United States Department of Energy (DOE) Federal Competitive EECBG grant program for up to \$75 million in funding. In April 2010, ISD was notified that its proposal was awarded a total of \$30 million. Given that this grant award represents 40% of the amount requested, and that the grant is to be shared with the other regional partners, the County's share will be approximately \$14 million. This grant funding, per DOE requirements, will support development and implementation of model, regional programs that demonstrate greater participation in existing building retrofits and greater energy efficiency savings. ISD has submitted correspondence requesting your Board's acceptance of this grant.

ISD has also negotiated with the California Energy Commission (CEC) to obtain additional funding support for LACEP. In prior communications to your Board, it was reported that representatives from ISD and the CEO met with CEC Commissioners and staff in early March, 2010 to discuss the County's unsuccessful grant application. Following this meeting, the CEC expressed a desire to assist the County and provide funding for its AB 811 program. The CEC has agreed to provide the County with approximately \$8 million to help implement LACEP within those cities that choose to participate in the Program. When the final terms and conditions of this agreement have been negotiated, ISD will prepare separate correspondence to seek your Board's acceptance of funding from the CEC.

### **Bond Financing**

The County intends to finance the loans to participating property owners through a public sale of the Assessment Bonds. Pursuant to the Improvement Bond Act of 1915 and Division 10 of the California Streets and Highways Code, local governments are authorized to issue bonds secured by the voluntary contractual assessments of property owners within their jurisdictions. Proceeds from the sale of the Assessment Bonds will be used for the purpose of funding loans to property owners who have been approved for participation in LACEP. Because the Improvements are being installed on private property, however, LACEP does not currently have the ability to issue the Assessment Bonds on a tax-exempt basis. The legal requirement to issue taxable bonds will significantly increase the interest cost of borrowing to LACEP and could result in interest rates that are about 35% higher than those associated with comparable bonds sold on a tax-exempt basis. It is important to note that neither the County's credit nor its credit ratings will in any way support or guarantee the Assessment Bonds issued in connection with LACEP.

It is anticipated that LACEP will need to accumulate a certain number of approved loans before it is able to enter the public capital markets and sell bonds. This is due both to the liquidity requirements of municipal bond investors and the positive efficiencies derived from a larger bond financing. Given its experience with prior assessment districts, the Treasurer forecasts that a successful bond sale will require a minimum of \$10 million of loans (e.g., 1,000 loans at an average value of \$10,000 each). Prior to achieving the necessary loan volume, LACEP will pursue a number of interim financing options, including loans from large commercial banks and the private placement of securities with qualified institutional investors. In every instance, the interim financing will be secured by the contractual assessments and will be structured to allow for a "take-out" financing that involves the public sale of Assessment Bonds.

The adoption of the attached resolutions will authorize an initial issuance of the Assessment Bonds in an aggregate principal amount of not to exceed \$100 million. It is anticipated that the first public issuance of bonds will be considerably less than \$100 million given that LACEP may achieve economies of scale at levels as low as \$10 million. The final maturity of the Assessment Bonds will be limited to the estimated useful life of the Improvements, and on average, is expected to be 15 - 20 years. The interest rate on the Assessment Bonds will be determined by conditions in the taxable bond market at the time of the sale. As referenced earlier, the taxable status of the Assessment Bonds will have a significant impact on borrowing costs and will cause these bonds to be issued at interest rates above traditional tax-exempt municipal bond rates. In the current market, it is estimated that the interest rate on taxable assessment bonds will be within a range of 7.0% to 7.5%.

The interest rate obtained on the Assessment Bonds will be the single greatest factor in determining the borrowing cost for individual property owners who choose to participate in LACEP. In addition to funding debt service payments on the Assessment Bonds, contractual assessment revenue will also be used to finance a bond reserve fund, pay costs of issuance on the bonds, and fund certain administrative costs of the Program. It is anticipated that participants in LACEP will assume an all-in borrowing cost on their assessments that is approximately 200 basis points (2.0%) higher than the yield on the Assessment Bonds. To the extent that your Board takes action to appropriate additional grant funding for the purposes of LACEP, this "spread" of 200 basis points may be narrowed and the borrowing cost to participants reduced below the current estimate of 9.0% to 9.5%. The ability to lower participant borrowing costs is significant given that average interest rates for home equity loans in Los Angeles County were approximately 8.75% as of May 1, 2010.

The goal of providing competitive loan rates to participating property owners is one of the most important near-term objectives of LACEP. Certain factors that will help to reduce this borrowing cost include potential changes to Federal and State legislation, nationwide expansion of green energy financing programs, and the development of underwriting criteria that will minimize the risk of loan default. With respect to this latter category, the Treasurer will pursue underwriting criteria, largely dictated by the bond market, to help ensure that only creditworthy individuals are approved for loans under LACEP. Certain minimum requirements that LACEP is considering are as follows:

- Property taxes and assessments are current on the property and have not been delinquent for a period of 5 years (or since the date of the most recent transfer if less than 5 years);

- Property owner is current on mortgage, has not defaulted on the deed(s) of trust, and can legally enter into the Program;
- Improvement costs are reasonable to property value and must meet a value-to-lien ratio of 10:1 or greater; and
- Property must meet a positive equity test and not exceed a maximum loan-to-value ratio.<sup>2</sup>

Of the four underwriting criteria listed above, the one that is likely to have the greatest influence on bond yields is the positive equity test. Investors are highly sensitive to loan-to-value ratios and may be reluctant to purchase assessment bonds that allow for loan-to-value ratios that exceed 80%. The ability to structure a contractual assessment program with strict underwriting criteria will significantly help to reduce borrowing costs to participating property owners. It will also serve to limit the number of property tax delinquencies and help mitigate the need to initiate foreclosure proceedings.

### **Foreclosure Policies**

In connection with the issuance of the Assessment Bonds, the County will be required to provide a judicial foreclosure covenant that applies to all delinquent LACEP assessments. The ability to initiate foreclosure proceedings in the interest of bondholders has been an integral credit feature for assessment district and community facilities district (Mello-Roos) financings in California for more than two decades. The County has completed twenty-three (23) such financings over this period and has always included a foreclosure covenant in its commitment to bondholders. The ability to sell assessment bonds without a specific foreclosure covenant is highly uncertain in today's market, and even if feasible, would result in much higher borrowing costs for a program such as LACEP.

It is therefore expected that the County will retain the right, but not necessarily the obligation, to initiate judicial foreclosure as soon as a property owner becomes delinquent on the annual assessment associated with LACEP (a property tax bill is deemed to be delinquent if any portion of the amount due remains unpaid as of June 30th). While the County will have the ability to commence foreclosure proceedings immediately following any delinquency, the requirement to do so will only take effect if there is a corresponding impact to the security provisions of the Assessment Bonds. Specifically, the County will be obligated to pursue judicial foreclosure whenever the reserve fund established for the Assessment Bonds (the Reserve Fund) is reduced to a level below its initial funding requirement. The Reserve Fund is designed to function as a source of repayment to bondholders in the event that delinquencies prevent assessment revenue from satisfying the principal and interest obligations on the Assessment Bonds.

The incorporation of a reserve fund test in the foreclosure covenant is significant in that it can serve to reduce the need to pursue judicial foreclosure proceedings. The Reserve Fund is typically maintained at levels in excess of its initial requirement due to interest earnings that

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<sup>2</sup> The loan-to-value ratio is defined as the aggregate total of all liens secured by real estate mortgages divided by either the assessed value of the property or the market value as determined by a third-party appraisal.

have accumulated during the tax year. These interest earnings can be used to offset any reduction in assessment revenue that might result in a draw on the Reserve Fund. Furthermore, LACEP will have the ability to supplement the Reserve Fund from other funding sources should this be necessary in order to avoid a foreclosure judgment. For example, LACEP could choose to defer certain administrative costs and use these monies as an additional means of meeting the minimum reserve requirement.

Given the unique structure of AB 811 financings, the Treasurer expects that foreclosures will be significantly less common for LACEP than has been the case in prior assessment districts. Unlike other assessment district financings, LACEP is completely voluntary and individual property owners will have to meet a set of minimum credit requirements before being approved for participation in the Program. Furthermore, the County will have some discretion to pursue the larger delinquencies first and not to foreclose on every delinquency that contributes to or precipitates a draw on the Reserve Fund. During any judicial foreclosure proceeding, the County will seek to recover only those amounts associated with delinquent LACEP assessments and will not pursue the collection of other delinquent property taxes. Furthermore, the entire amount of the assessment will not become due upon a delinquency and there will be no acceleration of future assessment amounts.

The specific details of a LACEP foreclosure policy will be determined in connection with the sale of the Assessment Bonds to public and/or private investors. Under no circumstances will LACEP adopt a formal set of foreclosure policies without returning to your Board for approval. It is anticipated that the final recommendation to your Board will reflect policies similar to those presented in this letter and will be determined in large part by market conditions at the time of the bond sale. The Treasurer will return to the Board for specific authorization to sell each series of bonds and will provide detailed information regarding all foreclosure covenants included in the financing documents.

#### **FACTS AND PROVISIONS/ LEGAL REQUIREMENTS**

These proceedings are governed by Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the State of California. Pursuant to this statute, counties and cities are authorized to assist free and willing property owners in financing improvements that are permanently fixed to residential, commercial, industrial, or other real property through a voluntary contractual assessment program.

In accordance with Section 5989.30 of the Act, as amended by AB 811, the levy and collection of assessments pursuant to Chapter 29 are valid under existing law and provide for the priority status of an AB 811 assessment lien. The County has sought and relied upon the legal opinion of its bond counsel to confirm the validity of the LACEP assessment and the priority status of contractual assessments liens. At the direction of County Counsel, LACEP will further confirm such conclusion by initiating a formal judicial validation proceeding. A judgment by the Los Angeles County Superior Court regarding the validity of LACEP, and the priority status of the ensuing liens, is of great importance to potential investors and will assist the Treasurer in pricing the Assessment Bonds.

Following your Board's adoption of the attached resolutions, and pursuant to Section 860 of the Code of Civil Procedure (Validation Statute), court proceedings will be initiated by the filing of a



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formal validation complaint with the Los Angeles County Superior Court to obtain an order declaring the validity of LACEP, the priority status of the lien, and the validity of the LACEP financing instruments submitted to your Board. Under the Validation Statute, a summons, which provides a summary of the matter the County seeks to validate, will contain a notice directed to all interested parties that they may contest the legality or the validity of the matter by appearing in person and filing a written response to the complaint not later than the date specified in the summons. Matters, including constitutional challenges, must be raised within the statutory limitations period or they are waived. It is anticipated that the validation proceedings will take approximately 90-120 days to complete.

### **ENVIRONMENTAL DOCUMENTATION**

On April 6, 2010, your Board found that the proposed project is exempt from the California Environmental Quality Act and determined that it will not have a significant impact on the environment.


### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The implementation of the Program will have no impact on current services. The Program will reduce greenhouse gases, improve energy efficiency, and create jobs within the County.

### **CONCLUSION**

Upon approval of the attached resolutions, it is requested that the Executive Officer of the Board return three originally executed copies to the Chief Executive Office, Internal Services Department, and Treasurer and Tax Collector.


Respectfully submitted,

  
WILLIAM T FUJIOKA  
Chief Executive Officer

Respectfully submitted,

  
TOM TINDALL  
Director, Internal Services Department

Respectfully submitted,

  
MARK J. SALADINO  
Treasurer and Tax Collector

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Attachments

c:     Assessor  
         County Counsel  
         Executive Office, Board of Supervisors  
         Auditor-Controller

A RESOLUTION OF THE BOARD OF DIRECTORS  
AUTHORIZING THE ISSUANCE AND SALE OF LOS  
ANGELES COUNTY ENERGY PROGRAM CONTRACTUAL  
ASSESSMENT REVENUE BONDS; APPROVING AS TO  
FORM AND AUTHORIZING THE EXECUTION AND  
DELIVERY OF INDENTURES, A LOAN AGREEMENT AND  
OTHER SIMILAR AGREEMENTS IN CONNECTION  
THEREWITH; AND AUTHORIZING A VALIDATION  
ACTION AND CERTAIN ACTIONS RELATED THERETO

WHEREAS, the County of Los Angeles, a political subdivision of the State of California (the "County"), the Los Angeles County Regional Park and Open Space District (the "Park District"), the Los Angeles County Flood Control District (the "Flood Control District"), and the Community Facilities District No. 2 of the County of Los Angeles (Rowland Heights Area) ("CFD No. 2") have executed a Joint Exercise of Powers Agreement, dated May 18, 1993 (as amended, the "Agreement"), pursuant to the Joint Exercise of Powers Act constituting Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code (commencing with Section 6500) (as amended, the "JPA Act") establishing the Los Angeles County Public Works Financing Authority (the "Authority"), for the purpose, among others, of issuing bonds to be used to provide financial assistance to the County; and

WHEREAS, Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the State of California (the "Contractual Assessment Law") authorizes counties to assist free and willing property owners in financing the installation of distributed generation renewable energy sources and energy and water efficiency improvements (the "Improvements") that are permanently fixed to residential, commercial, industrial or other real property through a contractual assessment program; and

WHEREAS, the Board of Supervisors (the "Board of Supervisors") of the County, previously approved a resolution (the "Resolution of Intention") declaring its intention to order the implementation of a contractual assessment program to finance Improvements pursuant to the Contractual Assessment Law; and

WHEREAS, following notice duly given and a hearing in accordance with applicable law, the Board of Supervisors approved a resolution (the "Resolution Establishing the LACEP") which, among other things, authorized the establishment of the Los Angeles County Energy Program (the "LACEP") to finance the acquisition, construction and installation of the Improvements on properties in the County through the use of contractual assessments pursuant to the Contractual Assessment Law; and

WHEREAS, pursuant to LACEP, the County will enter into contractual assessment agreements (each, an "Assessment Contract") with free and willing property owners (the "Property Owners") pursuant to which the County will assist in financing the acquisition, construction and installation of Improvements on or in such owners' respective properties and levy contractual assessments (each, an "Assessment") on the applicable properties in the amounts set forth in the Assessment Contracts; and

WHEREAS, the County desires to finance the disbursement of amounts pursuant to the Assessment Contracts through the issuance of contractual assessment limited obligation improvement bonds (the "County Assessment Bonds") from time to time in one or more series under and pursuant to the Contractual Assessment Law and The Improvement Bond Act of 1915, being Division 10 of the Streets and Highways Code of the State (the "1915 Act"); and

WHEREAS, the Authority may, in accordance with the JPA Act, issue revenue bonds for the purpose of providing financial assistance to its contracting parties, including through the acquisition of County Assessment Bonds; and

WHEREAS, the County Assessment Bonds may be sold by a negotiated sale or by competitive bid or acquired by the Authority in accordance with the JPA Act, all as may be determined as being in the best interests of the County; and

WHEREAS, the County also desires to finance the disbursement of amounts pursuant to the Assessment Contracts through the execution and delivery of one or more Loan Agreements (each, a "Loan Agreement") with the Authority; and

WHEREAS, the Authority may fund loans under the Loan Agreements (the "Loans") with proceeds of revenue bonds to be issued by the Authority pursuant to the JPA Act; and

WHEREAS, the Authority desires to issue its Los Angeles County Energy Program Contractual Assessment Revenue Bonds (the "Bonds") from time to time in one or more series under and pursuant to the JPA Act for the purpose of acquiring County Assessment Bonds or funding Loans to the County, as applicable, in each case to finance disbursements to free and willing property owners to finance the Improvements pursuant to LACEP and the Assessment Contracts; and

WHEREAS, in furtherance of LACEP and in order to effect the issuance and administration of the Loans and the Bonds, the Authority desires to approve the execution and delivery of the following documents, the forms of which are on file with the Secretary of the Board of Directors of the Authority:

(1) an indenture (the "Marks-Roos Indenture") by and among the Authority, the Treasurer and Tax Collector of the County, as paying agent thereunder, and the Auditor-Controller of the County, as fiscal agent thereunder, pursuant to which the Authority will issue one or more series of Bonds, the proceeds of which will be used to acquire County Assessment Bonds;

(2) a Loan Agreement by and between the County and the Authority pursuant to which the Authority agrees to lend to the County proceeds of certain Bonds to finance Improvements under the Assessment Contracts; and

(3) an indenture (the "Authority Indenture" and, together with the Marks-Roos Indenture, the "Indentures") by and among the Authority, the County, the Treasurer and Tax Collector of the County, as paying agent thereunder, and the Auditor-Controller of the County, as fiscal agent thereunder, pursuant to which the Authority will issue one or more series of Bonds, the proceeds of which will be used to finance Loans under the Loan Agreements; and

WHEREAS, the Authority also desires to provide for the issuance of additional contractual assessment revenue bonds (the "Additional Bonds") from time to time in one or more series under the Marks-Roos Indenture, the Authority Indenture or any other instrument for the issuance of evidences of indebtedness secured by contractual assessments or secured by debt obligations that are in turn secured by contractual assessments (the "Additional Issuance Instruments") and the authorization of any attendant issuance documents in connection with such issuance; and

WHEREAS, the Authority further desires to cause the filing of an action to determine the validity of the Assessments, the Assessment Contracts, the Indentures, the Bonds, the Additional Bonds, the Additional Issuance Instruments, this Resolution, the Loans and the Loan Agreements, and the actions proposed to be taken in connection therewith;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY (THE "BOARD OF DIRECTORS") DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Recitals. The Board of Directors hereby finds and declares that the issuance of the Bonds in one or more series and the other actions contemplated by this Resolution are in the best interests of the Directors.

Section 2. Approval of the Bonds. The Board of Directors hereby approves the initial issuance of the Bonds by the Authority in an aggregate principal amount of not to exceed \$100,000,000 for the purpose of funding certain loans in connection with LACEP; provided that the Bonds shall have a final maturity of not to exceed 39 years from the second day of September next succeeding 12 months from their date of issuance and a true interest cost (including any bond insurance premiums, if any, and any reserve surety premiums, if any) not greater than the maximum rate of interest pursuant to applicable law; and provided, further, that the discount on the purchase price of the Bonds to the underwriter for the Bonds, if any, excluding original issue discount shall not exceed 2.0% of the aggregate principal amount of the Bonds. The Bonds may be sold by a negotiated sale or by competitive bid and the Bonds may be supported by a bank line of credit or similar instrument, all as may be determined for and in the name and on behalf of the Authority by the officers of the Authority, or any of them, or their designee (each, an "Authorized Officer"), in consultation with the Chief Executive Officer or the Treasurer and Tax Collector of the County.

Section 3. Loan Agreement. The form of the Loan Agreement by and between the County and the Authority, in the form presented at this meeting and on file with the Secretary of the Board of Directors, is hereby approved. Each of the Authorized Officers, is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Loan Agreements in substantially said form, with such changes therein as may be requested by bond counsel and as the Authorized Officer executing the same may approve (such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof).

Section 4. Indentures; Sale of Bonds. The forms of the Indentures by and between the County and the Authority, in the forms presented at this meeting and on file with the

Secretary of the Board of Directors, are hereby approved. The Board of Directors also approves other instruments and funding mechanisms substantially similar to the Indentures pursuant to which the Authority will issue evidences of indebtedness secured by voluntary contractual assessments or secured by debt obligations that are in turn secured by contractual assessments; provided that proceeds of such indebtedness are used to help finance Loans under LACEP or acquire County Assessment Bonds, the proceeds of which will be used to finance Improvements under LACEP. Each Authorized Officer, acting singly, is authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Indentures in substantially said forms, with such changes therein as may be requested by bond counsel and as the officer executing the same may require or approve, including such matters as are authorized by Section 6 hereof (such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof).

Section 5. Validation. The Authorized Officers are, and each of them hereby is authorized, in consultation with County Counsel and with the assistance of bond counsel, to prepare and cause to be filed and prosecuted to completion all proceedings required for the judicial validation of the Assessments, the Assessment Contracts, the Indentures, the Bonds, the Additional Bonds, the Additional Issuance Instruments, this Resolution, the Loans, the Loan Agreements and the Indenture in the Superior Court of Los Angeles County, under and pursuant to the provisions of Sections 860 et seq. of the California Code of Civil Procedure. The Board of Directors further authorizes the Authorized Officers and all other officers, employees and agents of the County to take any and all actions, including the execution and delivery or appropriate documentation, as may be required to conclude such judicial validation proceedings.

Section 6. Other Actions. The Authorized Officers and all other officers of the Authority are hereby authorized and directed, jointly and severally, to do any and all acts and things and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Resolution and all matters incidental thereto, including issuing the Bonds and assisting with financing LACEP, and any such actions previously taken by such officers are hereby ratified and confirmed.

Section 7. Effective Date. This Resolution shall take effect immediately upon adoption.

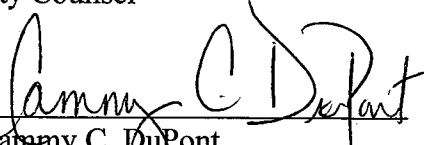
The foregoing Resolution was on the \_\_\_\_ day of \_\_\_\_\_, 2010, adopted by the Board of Supervisors of the County of Los Angeles and ex-officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts, acting herein as the Board of Directors of the Los Angeles County Public Works Financing Authority.

SACHI A. HAMAI  
Executive Officer of the  
Board of Supervisors of the  
County of Los Angeles

By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN  
County Counsel

By:   
Cammy C. DuPont  
Principal Deputy County Counsel

**INDENTURE**

**Dated as of \_\_\_\_\_, 2010**

**by and among**

**LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY,  
TREASURER AND TAX COLLECTOR OF THE COUNTY OF LOS ANGELES  
as the Paying Agent**

**and**

**AUDITOR-CONTROLLER OF THE COUNTY OF LOS ANGELES  
as the Fiscal Agent**

**\$ \_\_\_\_\_  
Los Angeles County Public Works Financing Authority  
Los Angeles County Energy Program  
Contractual Assessment Revenue Bonds, Series A**



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## INDENTURE

This AUTHORITY INDENTURE (this "Authority Indenture"), dated as of \_\_\_\_\_ 1, 2010, is executed by and among the Los Angeles County Public Works Financing Authority (the "Authority"), a joint exercise of powers entity formed by agreement under the Constitution and the laws of the State, the Treasurer and Tax Collector of the County, as paying agent (the "Paying Agent") on behalf of the owners of the herein described Bonds, and the Auditor-Controller of the County, as fiscal agent (the "Fiscal Agent") on behalf of the owners of the herein described Bonds.

WHEREAS, Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the State of California (the "Contractual Assessment Law") authorizes counties to assist free and willing property owners in financing the installation of distributed generation renewable energy sources and energy and water efficiency improvements (the "Improvements") that are permanently fixed to residential, commercial, industrial or other real property through a contractual assessment program; and

WHEREAS, the Board of Supervisors (the "Board of Supervisors") of the County of Los Angeles (the "County"), a political subdivision of the State of California (the "State"), previously approved a resolution (the "Resolution of Intention") declaring its intention to order the implementation of a contractual assessment program to finance the acquisition, construction and installation of the Improvements pursuant to the Contractual Assessment Law; and

WHEREAS, following notice duly given and a hearing in accordance with applicable law, the Board of Supervisors approved a resolution which, among other things, authorized the establishment of the Los Angeles County Energy Program (the "LACEP") to finance the acquisition, construction and installation of the Improvements on properties in the County through the use of contractual assessments pursuant to the Contractual Assessment Law; and

WHEREAS, pursuant to LACEP, the County will enter into contractual assessment agreements (each, an "Assessment Contract") with free and willing property owners (the "Property Owners") pursuant to which the County will assist in financing the acquisition, construction and installation of Improvements on or in such owners' respective properties and levy contractual assessments (each, an "Assessment") on the applicable properties in the amounts set forth in the Assessment Contracts; and

WHEREAS, the County will issue Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds (the "New Money Assessment Bonds") from time to time in one or more series under and pursuant to the Contractual Assessment Law, The Improvement Bond Act of 1915, being Division 10 of the Streets and Highways Code of the State (the "1915 Act"), and the herein referenced County Indenture for the purpose of funding disbursements to free and willing property owners to finance the Improvements pursuant to LACEP; and

WHEREAS, the Authority may, in accordance with the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the Government Code of the State, as amended,

the "JPA Act"), issue bonds or notes for the purpose of providing financial assistance to its contracting parties, all of such bonds or notes to be limited obligations of the Authority; and

WHEREAS, the Authority will issue Los Angeles County Energy Program Contractual Assessment Revenue Bonds (the "New Money Revenue Bonds") from time to time in one or more series under and pursuant to the JPA Act and this Authority Indenture for the purpose of purchasing the County's Assessment Bonds; and

WHEREAS, the County may issue Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Refunding Assessment Bonds (the "Refunding Assessment Bonds") from time to time in one or more series under and pursuant to the Contractual Assessment Law, the 1915 Act and the County Indenture for the purpose of refinancing the New Money Assessment Bonds; and

WHEREAS, the Authority may issue Los Angeles County Energy Program Contractual Assessment Revenue Refunding Revenue Bonds (the "Refunding Revenue Bonds" and, together with the New Money Revenue Bonds, the "Bonds") from time to time in one or more series under and pursuant to the JPA Act and this Authority Indenture for the purpose of refinancing the New Money Revenue Bonds and effecting the refinancing of the related New Money Assessment Bonds referenced above; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured, and to secure the payment of the principal thereof and premium, if any, and interest thereon, the parties hereto have authorized the execution and delivery of this Authority Indenture; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Authority Indenture do exist, have happened and have been performed in due time, form, and manner as required by law, and the parties hereto are duly authorized to execute and enter into this Authority Indenture;

NOW, THEREFORE, in consideration of the covenants and provisions herein set forth and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

## **ARTICLE I**

### **DEFINITIONS; RULES OF CONSTRUCTION; AUTHORIZATION AND PURPOSE OF BONDS**

Section 1.1. Definitions. Unless the context otherwise requires, the following terms shall have the following meanings for purposes of this Authority Indenture:

"1913 Act" means The Municipal Improvement Act of 1913, being Division 12 of the Streets and Highways Code of the State.

"1915 Act" means The Improvement Bond Act of 1915, being Division 10 of the Streets and Highways Code of the State.

"Acquisition Fund" means the fund by that name established and held by the Fiscal Agent pursuant to Section 4.1 hereof.

"Additional Bonds" means one or more series of bonds issued pursuant to this Authority Indenture subsequent to the issuance of the Series A Bonds.

"Annual Administrative Assessment" means the annual assessment levied against the properties of owners participating in LACEP to pay the ordinary and necessary costs incurred by the County in connection with the administration and collection of the Assessments, from the administration or registration of any associated bonds, including the Bonds, securities or other financing arrangements, and from the administration of the Revenue Bond Reserve Fund or other related funds.

"Assessment Bond Payment Account" means the account by that name established and held by the Fiscal Agent pursuant to Section 4.1 hereof with respect to each Series of Bonds issued hereunder.

"Assessment Bond Prepayment Account" means the account by that name established and held by the Fiscal Agent pursuant to Section 4.1 hereof with respect to each Series of Bonds issued hereunder.

"Assessment Bonds" means the County's New Money Assessment Bonds and Refunding Assessment Bonds issued under the County Indenture.

"Assessment Contracts" means the agreements by and between the County and free and willing property owners participating in LACEP and identified in Exhibit C to the County Indenture.

"Assessment Installments" means the installments of principal, interest and premium, if any, to be paid on the unpaid Assessments by certain property owners pursuant to the terms of the related Assessment Contracts. The term "Assessment Installments" does not include the Annual Administrative Assessment.

"Assessment Revenues" means the revenues received by the County in each Fiscal Year from the collection of the annual Assessment Installments, including any interest and penalties thereon and the proceeds of the exercise of any of the remedies for delinquent payments available under the related Assessment Contracts or under the Contractual Assessment Law.

"Assessments" means the unpaid assessments levied by the County pursuant to the Contractual Assessment Law and the related Assessment Contracts constituting a first lien and charge upon certain real properties in the County.

"Auditor" means the Auditor-Controller of the County.

“Authority” means the Los Angeles County Public Works Financing Authority created pursuant to the JPA Act, together with its successors and assigns.

“Authority Treasurer” means the Authority Treasurer.

“Authorized Investment” means any legal investment of Authority funds.

“Authorized Representative of the Authority” means the Authority Treasurer and any other person designated by such officers or authorized to act on behalf of the Authority under or with respect to this Authority Indenture and all other agreements related hereto.

“Authorized Representative of the County” means the Treasurer, the Auditor, the Program Administrator or any other person designated by such officers and authorized to act on behalf of the County under or with respect to this Authority Indenture and all other agreements related hereto.

“Board of Supervisors” means the Board of Supervisors of the County.

“Bond Date” means the dated date of the Bonds, which shall be the Closing Date thereof.

“Bonds” means the contractual assessment revenue bonds authorized by and at any time Outstanding pursuant to the provisions of this Authority Indenture and as designated pursuant to Section 2.3 hereof, including the Series A Bonds and any Additional Bonds.

“Business Day” means any day other than (i) a Saturday or a Sunday, (ii) a day on which banking institutions in the State or the Federal Reserve System are authorized or obligated by law or executive order to be closed, or (iii) a day on which the County offices are closed on account of an official holiday recognized by the County.

“Closing Date” means, with respect to each Series of Bonds the date of initial delivery of such Series of Bonds.

“Contractual Assessment Law” means Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code, commencing with Section 5898.10, and all laws amendatory thereof or supplemental thereto.

“Costs of Issuance” means all of the costs of issuing the Bonds, including, but not limited to, all printing and document preparation expenses in connection with this Authority Indenture, the Bonds and any and all other agreements, instruments, certificates or other documents issued in connection therewith; legal fees and expenses of counsel with respect to the issuance of the Bonds; fees and expenses of the financial advisor with respect to the issuance of the Bonds; underwriters’ fees; the initial fees and expenses of the Fiscal Agent and the Paying Agent, if any (including without limitation, origination fees and first annual fees payable in advance); and other fees and expenses incurred in connection with the issuance of the Bonds.

“County” means the County of Los Angeles, a political subdivision of the State.

“County Series A Bonds” means the County’s Los Angeles County Energy Program Contractual Assessment Revenue Bonds, Series A, issued pursuant to the County Indenture.

“County Indenture” means the Indenture, dated as of \_\_\_\_\_ 1, 2010, by and among the County, the Treasurer and Tax Collector of the County, as paying agent thereunder and the Auditor-Controller of the County, as fiscal agent thereunder.

“County Treasurer” means the Treasurer and Tax Collector of the County.

“Debt Service Fund” means the fund created and established pursuant to Section 4.1 hereof.

“DTC” means The Depository Trust Company in New York, New York.

“Energy Fund” means the Energy Fund established pursuant to Resolution No. \_\_\_\_\_ of the Board of Supervisors, adopted on May 25, 2010.

“Escrow Fund” means the fund by that name created and established pursuant to Section 4.1 hereof.

“Event of Default” means any occurrence or event specified in and defined by Section 8.1 hereof.

“Federal Securities” means any of the following which at the time of investment are legal investments under the laws of the State of California for the funds proposed to be invested therein: (a) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America); and (b) obligations of any agency, department or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America.

“Fiscal Agent” means (i) the Auditor or his designated agent or (ii) any bank, trust company, national banking association or other financial institution appointed as fiscal agent for the Bonds in the manner provided in this Authority Indenture.

“Fiscal Year” means any twelve-month period extending from July 1st in one calendar year to June 30th of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period.

“Improvements” means the qualifying distributed generation renewable energy sources and energy and water efficiency improvements acquired, constructed and/or installed on or in properties in the County under LACEP and the related Assessment Contracts.

“Indenture” means this Authority Indenture, dated as of \_\_\_\_\_ 1, 2010, by and among the Authority, the Paying Agent and the Fiscal Agent, as amended or supplemented pursuant to the terms hereof.



"Independent Public Accountant" means any certified public accountant or firm of certified public accountants appointed and paid by the Authority who, or each of whom (i) is in fact independent and not under domination of the Authority; (ii) does not have any substantial interest, direct or indirect, in the Authority; and (iii) is not connected with the Authority as an officer or employee of the Authority but who may be regularly retained to make annual or other audits of the books of, or reports to, the Authority.

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Services," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Moody's Investors Service "Municipal and Government," 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; Kenny S&P, "Notification Department," 55 Water Street, 45th Floor, New York, New York 10041; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to the Bonds to be redeemed as the Authority may designate in a Written Request of the Authority filed with the Fiscal Agent.

"Interest Payment Date" means, with respect to any Bond, March 2 and September 2 in each year, beginning on March 2 in the year immediately succeeding the August deadline by which the Assessments of the applicable Assessment Contracts have been enrolled on the County tax roll, and continuing thereafter so long as any Bonds remain Outstanding.

"JPA Act" means the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the Government Code of the State, as amended) and all laws amendatory thereof or supplementing thereto.

"LACEP" means the Los Angeles County Energy Program established pursuant to Resolution No. \_\_\_\_\_ of the Board of Supervisors, adopted on [May 25, 2010] under the Contractual Assessment Law.

"Maturity Date" means the date specified in any Bond on which the principal of such Bond becomes due and payable.

"New Money Assessment Bonds" means Los Angeles County Energy Program Contractual Assessment Limited Obligation Improvement Bonds issued by the County pursuant to the County Indenture.

"New Money Revenue Bonds" means Bonds issued hereunder to finance the purchase of New Money Assessment Bonds.

"Outstanding" means, subject to the provisions of Section 9.6 hereof, all Bonds theretofore or thereupon being authenticated and delivered by the Paying Agent under this Authority Indenture except:

- (1) Bonds theretofore canceled by the Paying Agent or surrendered to the Paying Agent for cancellation;

(2) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Paying Agent pursuant to this Authority Indenture;

(3) From and after the date fixed for redemption, Bonds or portions thereof designated for redemption for which notice of redemption has been duly given and the amount necessary for redemption has been made available for that purpose; and

(4) Bonds for the payment or redemption of which funds or eligible securities in the necessary amount shall have theretofore been deposited with the Fiscal Agent in accordance with Section 9.1 hereof (whether on or prior to the maturity or Redemption Date of such Bonds).

“Owner” when used with respect to any Bond, means the person in whose name the ownership of such Bond is registered on the Registration Books maintained by the Fiscal Agent.

“Paying Agent” means the Treasurer and its designated agents, any third party contractor serving as Paying Agent, and their successors or assigns, acting in the capacity of registrar, paying agent and transfer agent. The Treasurer is authorized to contract with any third party to perform the services of Paying Agent under this Authority Indenture.

“Principal Payment Date” means September 2 of each year, commencing September 2, 20\_\_ with respect to the Series A Bonds.

“Prior Revenue Bonds” means any or all (as the context may require) Series of Bonds designated for refunding with proceeds of a Series of Refunding Revenue Bonds.

“Prior Assessment Bonds” means the contractual assessment limited obligation bonds purchased with proceeds of the Prior Revenue Bonds.

“Prior Assessment Bond Indenture” means the indenture pursuant to which the Prior Assessment Bonds were issued.

“Program Administrator” means the Director of the Internal Services Department of the County, pursuant to the Resolution of Intention, or any designee of such officer.

“Program Expense Fund” means the fund by that name and established in the Energy Fund held by the County in connection with the Annual Administrative Assessment and other amounts received for payment of administrative expenses and administered pursuant to Section 4.8 of the County Indenture.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth day of the calendar month immediately preceding the applicable Interest Payment Date, whether or not such day is a Business Day.

“Redemption Date” means, with respect to any Bonds, the date on which such Bonds have been called for redemption pursuant to Section 3.1 or Section 3.2 of this Authority Indenture prior to their Maturity Date.

“Redemption Notice” has the meaning provided in Section 3.6 hereof.

“Refunding Revenue Bonds” means Bonds issued to finance the refunding of bonds outstanding under this Authority Indenture or other issuance instrument and secured by revenues derived from payments of principal of and interest on related Assessment Bonds.

“Registration Books” means the records maintained by the Paying Agent pursuant to Section 2.9 hereof for the registration and transfer of ownership of the Bonds.

“Representation Letter” means the Blanket Letter of Representations delivered upon or prior to the issuance of the Bonds to DTC by the Authority.

“Resolution Establishing LACEP” means Resolution No. \_\_\_\_\_ of the Board of Supervisors adopted on May 25, 2010.

“Resolution of Intention” means Resolution No. \_\_\_\_\_ of the Board of Supervisors adopted on April 6, 2010.

“Revenue Bond Reserve Fund” means the fund created and established pursuant to Section 4.1(d) hereof.

“Revenue Bond Reserve Requirement” means, as of the date of any calculation, which calculation shall be made by the Fiscal Agent, an amount equal to the least of (i) \_\_\_\_\_ or (ii) 10 percent of the total amount of Assessments relating to the Bonds hereunder. The Revenue Bond Reserve Requirement shall be calculated upon each prepayment of any Assessment Bond pursuant to the County Indenture.

“Revenues” means (a) all amounts paid by the County to the Authority or the Fiscal Agent pursuant to the County Indenture in connection with the Assessment Bonds other than administrative fees and expenses and indemnity against claims payable to the Authority and the Fiscal Agent, (b) all moneys deposited and held from time to time by the Fiscal Agent in the corresponding account of the Debt Service Fund established hereunder with respect to the Bonds, and (c) investment income with respect to any moneys held by the Fiscal Agent in the corresponding account of the Debt Service Fund established hereunder with respect to the Bonds.

“Securities Depository” means The Depository Trust Company, 55 Water Street, 50th Floor, New York, N.Y. 10041-0099 Attn. Call Notification Department, Fax (212) 855 7232, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositories, or no such depositories, as the County may indicate in a Written Request of the Authority delivered to the Paying Agent.

“Series” means each Series of Bonds issued and designated pursuant to and in accordance with Section 2.1, Section 2.3 or Section 2.15 hereof.

“Series A Bonds” means the Authority’s Los Angeles County Energy Program Contractual Assessment Revenue Bonds, Series A.

“State” means the State of California.

“Supplemental Indenture” means any indenture adopted by the parties hereto amendatory of or supplemental to this Authority Indenture.

“Treasurer” means the Treasurer and Tax Collector of the County.

“Written Request of the Authority” means a request in writing signed by an Authorized Representative of the Authority.

Section 1.2. Rules of Construction. All references in this Authority Indenture to “Sections,” and other subdivisions, unless indicated otherwise, are to the corresponding Sections or subdivisions of this Authority Indenture; and the words “herein,” “hereof,” “hereunder,” and other words of similar import refer to this Authority Indenture as a whole and not to any particular Section or subdivision hereof.

Section 1.3. Authorization and Purpose of Bonds. The Authority Board has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen and be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Authority is now authorized, pursuant to each and every requirement of law, to issue the Bonds in the manner and form as in this Authority Indenture provided. The Authority Board hereby authorizes the issuance of the Bonds pursuant to the JPA Act and this Authority Indenture for the purpose of acquiring County’s Assessment Bonds, the proceeds of which will be used to make disbursements pursuant to the Assessment Contracts to property owners for the cost of Improvements.

## **ARTICLE II**

### **THE BONDS**

Section 2.1. Authorization and Purpose of Bonds; Equality of Bonds; Pledge; Limited Liability

(a) The Authority is hereby authorized and directed to execute, and the Fiscal Agent is hereby authorized and directed upon written request of an Authorized Representative of the Authority to authenticate and deliver the Bonds. The Authority may authorize the execution, authentication and delivery of Additional Bonds at any time after the execution, authentication and delivery of the Bonds only as provided in Section 2.15 hereof, which Additional Bonds shall contain such additional designation as may be determined by the Authority, including the designation of Refunding Revenue Bonds, as appropriate. The Bonds may be issued in book-entry form or certificate form.

(b) The Authority hereby pledges and assigns to the Paying Agent and the Fiscal Agent, as applicable, in trust for the protection and security of the Owners, all of its right, title and interest in the Revenues for the payment of principal of, premium (if any) and interest on the Bonds. The Bonds shall be and are equally secured by a pledge of and lien upon the Revenues.

(c) The Bonds and interest thereon are not payable from the general funds of the Authority or the County. Neither the credit of the County or the Authority nor the taxing power of the County is pledged for the payment of the Bonds or the interest thereon, and no Owner of the Bonds may compel the exercise of any taxing power by the County or force the forfeiture of any of its property. The principal of, and premium (if any) and interest on the Bonds are not a debt of the County nor a legal or equitable pledge, charge, lien or encumbrance upon any of the property of the Authority or the County, or upon any of their income, receipts or revenues, other than the Revenues.

Section 2.2. Collection of Assessments. (a) The Assessment Installments shall be payable as provided in the Assessment Contracts and shall be payable in the same manner and at the same time and in the same installments as general taxes on real property are payable, and become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do general taxes on real property. Nothing in this Authority Indenture or in any Supplemental Indenture shall preclude the redemption prior to maturity of any Bonds or the payment of the Bonds from proceeds of Refunding Revenue Bonds issued under any law of the State.

(b) Except for the collection of the Assessment Installments and the observance and performance of the other conditions, covenants and terms contained herein or in the 1915 Act or the Contractual Assessment Law required to be observed or performed by it, the County shall not have any obligation or liability to the Owners with respect to this Authority Indenture or the Bonds.

Section 2.3. Issuance of Series A Bonds; Description of Series A Bonds. (a) The Series A Bonds shall consist of such Bonds designated generally as "Los Angeles County Public Works Financing Authority Los Angeles County Energy Program Contractual Assessment Revenue Bonds, Series A". Series A Bonds in the aggregate principal amount not to exceed \$\_\_\_\_\_ shall be issued for the purposes of financing the acquisition of the County Series A Bonds.

(b) The Series A Bonds may be issued in one or more subseries, with the principal amount of each subseries of Series A Bonds to be determined by the Treasurer.

(c) Each Series of Bonds shall bear a series designation as determined by the Authority.

(d) The Series A Bonds shall be issued only in fully registered form without coupons in the denomination of \$5,000 or any integral multiple thereof, or in such other denomination or denominations as determined by the Authority. The Series A Bonds shall be

dated as of their date of delivery and shall mature and be payable on September 2 in the years and in the principal amounts and shall bear interest as set forth below:

**Los Angeles County Energy Program  
Contractual Assessment Revenue Bonds, Series A**

<b>Maturity Date (September 2)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
	\$	

The interest rate for the Series A Bonds shall be calculated on the basis of a 360-day year of twelve 30-day months.

(e) If the Series A Bonds are issued in book-entry form, the Series A Bonds shall be initially registered in the name of "Cede & Co.," as nominee of DTC. If the Series A Bonds are issued in certificate form, the Series A Bonds shall be initially registered pursuant to Section 2.5 hereof. The Series A Bonds shall be evidenced by a single fully registered bond in the principal amount of the Series A Bonds.

Section 2.4. Medium and Payment. Principal of, and premium (if any) and interest on the Bonds shall be payable in lawful money of the United States of America. The principal of each Series of Bonds shall be payable on the respective Maturity Date set forth in the applicable Bonds. Interest with respect to each Bond shall accrue from the respective Bond Date. Interest on any Bond shall be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) such date of authentication is an Interest Payment Date, in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) the date of authentication is prior to the close of business on the first Record Date, in which event interest shall be payable from the Bond Date; provided, however, that if at the time of authentication of such Bond, interest is in default, interest on that Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment.

Principal of and interest on any Bond shall be paid by check of the Paying Agent mailed on or before the Interest Payment Date by first class mail, postage prepaid, to the person whose name appears in the Registration Books as the Owner of such Bond as of the close of business on the Record Date, to the address that appears on the Registration Books, provided that the payment of principal of the Bonds on the final Maturity Date and the payment of the principal of the Bonds and any premium due upon the redemption thereof shall be payable upon presentation and surrender thereof at maturity or earlier redemption at the office of the Paying Agent. In addition, upon a request in writing received by the Paying Agent on or before the

applicable Record Date from an Owner of \$1,000,000 or more in principal amount of the Bonds payment shall be made on the Interest Payment Date by wire transfer in immediately available funds to an account designated by such Owner.

Each Bond shall bear interest until its principal sum has been paid; provided, however, that if at the Maturity Date of any Bond, or if at the Redemption Date of any Bond which has been duly called for redemption as herein provided, funds are available for the payment or redemption thereof in full accordance with the terms of this Authority Indenture, the Bond shall then cease to bear interest.

Section 2.5. Form of Bonds and Certificate of Authentication and Registration. The Bonds shall be initially issued in the form of a fully registered bond or bonds registered in the name of the purchaser thereof. The form of the Bond, the form of the certificate of authentication and the form of registration thereon shall be substantially in the form attached hereto as Exhibit A and incorporated herein by this reference, with any necessary or appropriate variations, omissions and insertions as permitted or required hereunder. The Bonds may be printed, lithographed or typewritten and may contain such reference to any of the provisions of this Authority Indenture as may be appropriate.

Section 2.6. Execution and Authentication. The Bonds shall be executed by the manual or facsimile signature of the Chair of the Authority and attested by the manual or facsimile signature of the Authority Treasurer. In case any one or more of the officers who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed have been authenticated and delivered by the Paying Agent (including new Bonds delivered pursuant to the provisions hereof with reference to the transfer and exchange of Bonds or to lost, stolen, destroyed or mutilated Bonds), such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed such Bonds had not ceased to hold such offices.

The Bonds shall bear thereon a certificate of authentication and registration, in the form set forth in Exhibit A hereto, executed by the manual signature of the Paying Agent. Only such Bonds as shall bear thereon such certificate of authentication and registration shall be entitled to any right or benefit under this Authority Indenture, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication and registration shall have been duly executed by the Paying Agent.

Section 2.7. Registration of Exchange or Transfer. The registration of any Bond may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form acceptable to the Paying Agent and duly executed by the Owner or his or her duly authorized attorney. Bonds may be exchanged at the office of the Paying Agent for a like aggregate principal amount of Bonds of authorized denominations of the same maturity and interest rate. The Paying Agent will not charge for any new Bond issued upon any transfer or exchange, but may require the Owner requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange. Whenever any Bond or Bonds shall be surrendered for registration

of transfer or exchange, the Paying Agent shall authenticate and deliver a new Bond or Bonds of the same maturity, for a like aggregate principal amount; provided that the Paying Agent shall not be required to register transfers or make exchanges during the 15 days immediately preceding any Interest Payment Date, and, of (i) Bonds for a period of 15 days next preceding the date of any selection of Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

Section 2.8. Mutilated, Lost, Destroyed or Stolen Bonds. If any Bond shall become mutilated, the Chair of the Authority, at the expense of the Owner of such Bond, shall execute, and the Paying Agent shall thereupon authenticate and deliver a new Bond of like Series, tenor, date, maturity and aggregate principal amount in authorized denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Paying Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Paying Agent shall be cancelled and destroyed. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Paying Agent and, if such evidence is satisfactory to the Paying Agent and indemnity satisfactory to the Paying Agent shall be given, the Chair of the Authority, at the expense of the Owner, shall execute, the Paying Agent shall thereupon authenticate and deliver, a new Bond of like Series, tenor and maturity numbered and dated as the Paying Agent shall determine in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Paying Agent may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Fiscal Agent). The Paying Agent may require payment of a reasonable fee for each new Bond issued under this Section 2.8 and of the expenses which may be incurred by the Authority and the Paying Agent. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to have been lost, destroyed or stolen shall be equally and proportionately entitled to the benefits hereof with all other Bonds secured hereby. The Paying Agent shall not treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be executed, authenticated and delivered hereunder, but both the original and replacement Bond shall be treated as one and the same.

Section 2.9. Registration Books. The Paying Agent will keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Bonds, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as he or she may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Bonds as herein provided.

The Authority and the Paying Agent may treat the Owner of any Bond whose name appears on the Registration Books as the absolute Owner of such Bond for any and all purposes, and the Authority and the Paying Agent shall not be affected by any notice to the contrary. The Authority and the Paying Agent may rely on the address of the Owner as it appears in the Registration Books for any and all purposes. It shall be the duty of each Owner to give written notice to the Authority and the Paying Agent of any change in such Owner's address so that the Registration Books may be revised accordingly.

Section 2.10. Special Provisions as to Bonds Issued In Book-Entry Form. The following provisions shall apply only if the Bonds are issued in book-entry form:



(a) Except as otherwise provided in subsections (b) and (c) of this Section 2.10, all of the Bonds initially executed and delivered hereunder shall be registered in the name of Cede & Co., as nominee for DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. Payment of the principal of and interest on each Bonds registered in the name of Cede & Co. shall be made to the account, in the manner and at the address indicated in or pursuant to the Representation Letter delivered to DTC by the Authority.

(b) The Bonds executed and delivered pursuant to this Section 2.10 shall be in the form of a single authenticated fully registered bond for each maturity of Bond. The ownership of all such Bonds shall be registered in the registration books maintained by the Paying Agent pursuant to Section 2.09 in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC may request. The Paying Agent and the Authority may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of and interest on such Bonds, selecting any Bonds or portions thereof to be prepaid, giving any notice permitted or required to be given to an Owner under this Authority Indenture, registering the transfer of Bonds, obtaining any consent or other action to be taken by the Owners and for all other purposes whatsoever; and neither the Paying Agent nor the Authority shall be affected by any notice to the contrary. Neither the Paying Agent nor the Authority shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this Section 2.10, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the registration records as being an Owner, with respect to (i) the accuracy of any records maintained by DTC or any Participant; (ii) the payment by DTC or any Participant of any amount in respect of the principal or interest represented by such Series A Bonds; (iii) any notice which is permitted or required to be given to the Owners under this Authority Indenture; (iv) the selection by DTC or any Participant of any person to receive payment in the event, if any, of a partial prepayment of the Bonds; or (v) any consent given or other action taken by DTC as Owner. The Paying Agent shall pay all principal of and premium, if any, and interest on the Bonds only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter. Upon delivery by DTC to the Paying Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Bonds will be transferable to such new nominee in accordance with subsection (f) of this Section 2.10.

(c) In the event that the Authority determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain bonds, the Paying Agent shall, upon the written instruction of the Authority, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of Bonds. In such event, the Bonds will be transferable in accordance with subsection (f) of this Section 2.10. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice of such discontinuance to the Authority or the Paying Agent and discharging its responsibilities with respect thereto under applicable law. In such event, the Bonds will be transferable in accordance with subsection (f) of this Section 2.10. Whenever DTC requests the Authority or the Paying Agent to do so, the Paying Agent and the Authority will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all Bonds evidencing the Bonds then Outstanding. In such event, the Bonds

will be transferable to such securities depository in accordance with subsection (f) of this Section 2.10, and thereafter, all reference in this Authority Indenture to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision of this Authority Indenture to the contrary, so long as all Bonds Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal and interest represented by each such Bond and all notices with respect to each such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) The Authority shall execute and deliver the Representation Letter and, in connection with any successor nominee for DTC and any successor depository, enter into comparable arrangements, and shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Authority Indenture.

(f) In the event that any transfer or exchange of Bonds is authorized under subsection (b) or (c) of this Section 2.10, such transfer or exchange shall be accomplished upon receipt by the Paying Agent from the registered owner thereof of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Section 2.7. In the event Bonds are issued to holders other than Cede & Co., its successor as nominee for DTC as holder of all the Bonds, another securities depository as holder of all the Bonds, or the nominee of such successor securities depository, the provisions of Section 2.3, Section 2.9 and Article III shall also apply to, among other things, the registration, exchange and transfer of the Bonds and the method of payment of principal of, premium, if any, and interest on the Bonds.

Section 2.11. Validity of the Bonds. The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the Improvements or upon the performance by any person of such person's obligation with respect to the Improvements.

Section 2.12. Refunding of Bonds. The Bonds may be refunded by the Authority in accordance with Section 4.8 and may be refunded at any other time by the Authority as permitted by and in accordance with this Authority Indenture and applicable law including, but not limited to, the JPA Act.

Section 2.13. Unclaimed Money. To the extent permitted by law, all money which the Paying Agent shall have received from any source and set aside for the purpose of paying or redeeming any of the Bonds shall be held for the respective Owners of such Bonds, but any money which shall be so set aside or deposited by the Paying Agent and which shall remain unclaimed by the Owners of such Bonds for a period of one year after the date on which any payment or redemption with respect to such Bonds shall have become due and payable shall be transferred to the Authority; provided, however, that the Paying Agent, before making such payment, shall cause notice of unclaimed money to be mailed to the Owners of such Bonds, by first class mail, postage prepaid. Thereafter, the Owners of such Bonds shall look only to the Authority for payment and then only to the extent of the amount so received without any interest thereon.

Section 2.14. Nonpresentment of Bonds. Except as otherwise provided in Section 2.13 hereof, in the event any Bonds shall not be presented for payment when the principal or redemption price thereof becomes due, if funds sufficient to pay such Bonds shall be held by the Paying Agent for the benefit of the Owners thereof, all liability of the Authority to the Owners thereof shall forthwith cease and be completely discharged and thereupon it shall be the duty of the Paying Agent to hold such funds (subject to Section 2.13 hereof), without liability for interest thereon, for the benefit of the Owners of such Bonds, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on or with respect to such Bonds.

Section 2.15. Additional Bonds. (a) The Authority hereby authorizes and approves the issuance of Additional Bonds for the purpose of financing further County disbursements under and in accordance with the LACEP, which Additional Bonds shall be issued and delivered pursuant to Supplemental Indentures and agreements, including additional bond purchase agreements, as may be approved by the Authority Board from time to time.

The Authority may issue bonds of equal security with that of the Bonds payable from the Assessment Installments as provided herein on a parity with any Bonds theretofore issued hereunder, but only subject to the following conditions:

(i) The issuance of such Bonds shall have been authorized under and pursuant to the JPA Act and under and pursuant hereto and shall have been provided for by a supplemental indenture which shall specify the following:

(1) The proceeds of the sale of such Bonds shall be applied for the purpose of providing funds to refund any Bonds issued hereunder or for the purpose of financing the acquisition of New Money Assessment Bonds of the County in connection with LACEP;

(2) The principal amount and designation of such Bonds and the denomination or denominations of the Bonds;

(3) The date, the maturity date or dates, the interest payment dates and the dates on which mandatory sinking fund payments are due, if any, for such Bonds; provided, that (i) the serial Bonds shall be payable as to principal annually on September 2 of each year in which principal falls due, and the term Bonds shall have annual mandatory redemption on September 2, (ii) the Bonds shall be payable as to interest semiannually on March 2 and September 2 of each year, except that the first installment of interest may be payable on either March 2 or September 2 and shall become due on the interest payment date which is six months before the maturity of the first series of Bonds and the interest shall be payable thereafter semiannually on March 2 and September 2, (iii) all Bonds of like maturity shall be identical in all respects, except as to number or denomination, and (iv) serial maturities of serial Bonds or mandatory sinking fund payments for term Bonds, or any combination thereof, shall be established to provide for the redemption or payment of such Bonds on or before their respective maturity dates;

(4) The redemption premiums and terms, if any, for such Bonds;

(5) The form of the Bonds;

(6) The amount to be deposited from the proceeds of sale of such Bonds or other County funds, if any, in the Revenue Bond Reserve Fund to increase the amount therein to an amount at least equal to the Revenue Bond Reserve Requirement for all Outstanding Bonds of the Authority secured on a parity by the Revenues; and

(7) Such other provisions that are appropriate or necessary and are not inconsistent with the provisions hereof; and

(ii) The Authority shall be in compliance with all agreements, conditions, covenants and terms contained herein and in all Supplemental Indentures required to be observed or performed by it.

(b) Additional Bonds authorized to be issued under this Section 2.15 may only be issued if no Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) has occurred and is continuing (unless such default is to be remedied upon the issuance of such Additional Bonds) and the Revenue Bond Reserve Requirement is to be satisfied upon the issuance of such Additional Bonds.

Section 2.16. Restrictions on Transfer of Bonds. The transfer of the Bonds shall be restricted [as determined by the Authority.]

### ARTICLE III

#### REDEMPTION OF BONDS

Section 3.1. Mandatory Redemption of Series A Bonds. The Series A Bonds shall be redeemed prior to maturity, in whole or in part on any Interest Payment Date, pro rata among maturities and by lot within a maturity, from prepayments of the County Series A Bonds on deposit and available for such purpose in the related Assessment Bond Prepayment Account of the Debt Service Fund, to the extent of and in the manner set forth in Section 4.4(c) of this Authority Indenture at the redemption price equal to 10 % of the principal amount of the Series A Bonds to be redeemed, together with accrued interest to the date of redemption.

Section 3.2. Optional Redemption of Series A Bonds. The Series A Bonds maturing on or after September 2, 20\_\_ are subject to redemption prior to maturity, in whole or in part on any Interest Payment Date, on and after September 2, 20\_\_, pro rata among maturities and by lot within a maturity, from surplus monies on deposit and available for such purpose in the Debt Service Fund from sources other than those in the Assessment Bond Prepayment Account, at the option of the Authority at the redemption price equal to the principal amount thereof, together with a premium (expressed as a percentage of the principal amount of Series A Bonds to be redeemed), plus accrued interest to the date of redemption as set forth in the following table:

<u>Redemption Dates</u>	<u>Redemption Premium</u>
Interest Payment Dates Through [March 2, 20__ – at least five years from date of issuance]	__%
September 2, 20__ and March 2, 20__	—
September 2, 20__ and March 2, 20__	—
September 2, 20__ and thereafter	—

In the event that the Authority shall elect to redeem the Series A Bonds as provided in this Section 3.2, the Authority shall give written notice to the Paying Agent of its election to so redeem the Series A Bonds, the redemption date and the principal amount of each Series of Bonds to be redeemed. Such notice shall be given at least [45] days but no more than [75] days prior to the redemption date.

Section 3.3. Mandatory Sinking Fund Redemption of Series A Bonds. The Series A Bonds maturing on September 2, 20\_\_ (the “Series A Term Bonds”) are also subject to mandatory sinking fund redemption in part, by lot, on such September 2 from mandatory sinking fund payments deposited into the Debt Service Fund, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium:

<u>Year</u>	<u>Principal Amount</u>
	\$

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\*  
Maturity.

If some but not all of the Series A Term Bonds maturing on September 2, 20\_\_ are redeemed pursuant to Section 3.1 or Section 3.2 hereof, the principal amount of Series A Term Bonds maturing on September 2, 20\_\_ to be subsequently redeemed pursuant to this subsection shall be reduced by the aggregate principal amount of the Series A Term Bonds maturing on September 2, 20\_\_ so redeemed pursuant to Section 3.1 or Section 3.2 hereof, such reduction to be allocated among redemption dates in amounts of \$5,000 or integral multiples thereof, as designated by the Authority in a written certificate of the Authority filed with the Fiscal Agent.

In lieu of having the Fiscal Agent deposit cash with the Paying Agent as a mandatory sinking fund payment, the Authority shall have the option to tender to the Paying Agent for cancellation any amount of Series A Bonds purchased by the Authority or the County, which Series A Bonds may be purchased by the Authority or the County at public or private sale as and when and at such prices as the Authority or the County may in its discretion determine. The principal amount of any Series A Bonds so purchased by the Authority or the County and tendered to the Paying Agent in any twelve-month period ending on July 1 in any calendar year shall be credited towards and shall reduce the next mandatory sinking fund payments required to be made in the order in which they are required to be made pursuant to this Section 3.3.

Section 3.4. Selection of Bonds for Redemption. Whenever provision is made in this Authority Indenture for the redemption of less than all of a Series of Bonds, the Fiscal Agent shall select the Bonds to be redeemed from all Bonds of a Series not previously called for redemption, by lot in any manner which the Fiscal Agent in its sole discretion shall deem appropriate and fair, subject to compliance with Section 8768 of the Streets and Highways Code as specified in a written certificate of the Authority. For purposes of such selection, all Bonds of a Series shall be deemed to be comprised of separate \$5,000 denominations and such separate denominations shall be treated as separate Bonds which may be separately redeemed.

Section 3.5. Partial Redemption of Bonds. Upon surrender of any Bond to be redeemed in part only, the Paying Agent shall authenticate and deliver to the Owner a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered, with the same interest rate and the same maturity and of the same Series. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the Authority shall be released and discharged thereupon from all liability to the extent of such payment.

Section 3.6. Notice of Redemption. The Paying Agent on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, at least 30 days (or other shorter period upon the consent of the Owners of any Bonds designed for redemption) but not more than sixty 60 days prior to the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers (if any) of the Bonds to be redeemed, the Bond numbers and the maturity or maturities (except in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the office of the Paying Agent for redemption at the Redemption Price, giving notice also that further interest on such Bonds will not accrue from and after the date fixed for redemption and with regard to optional redemption in the event that funds required to pay the redemption price are not on deposit under the Paying Agent Agreement at the time the notice of redemption is sent, a statement to the effect that the redemption is conditioned upon the receipt of the appropriate funds required to pay the redemption price by the Paying Agent on or prior to the redemption date. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the sufficiency of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption. The Authority has the right to rescind any optional redemption from prepayments of unpaid assessments by written notice to the Paying Agent on or prior to the date fixed for redemption. Any notice of redemption shall be canceled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default hereunder. The Paying Agent shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

If the Bonds are issued in book-entry form, notice shall also be provided to the Securities Depositories and the Information Services.

Section 3.7. Effect of Notice and Availability of Redemption Price. Notice of redemption having been duly given as aforesaid, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption: (1) the Bonds, or portions thereof, designated for redemption shall, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in this Authority Indenture, anything in this Authority Indenture or in the Bonds to the contrary notwithstanding; (2) upon presentation and surrender thereof at the office of the Paying Agent, such Bonds shall be redeemed at the redemption price; (3) from and after the Redemption Date, the Bonds or portions thereof so designated for redemption shall be deemed to be no longer Outstanding and such Bonds or portions thereof shall cease to accrue interest; and (4) from and after the date fixed for redemption no Owner of any of the Bonds or portions thereof so designated for redemption shall be entitled to any of the benefits of this Authority Indenture or to any other rights, except with respect to payment of the redemption price and interest accrued to the Redemption Date from the amounts so made available.

## **ARTICLE IV**

### **FUNDS AND ACCOUNTS**

Section 4.1. Establishment of Funds and Accounts. The following funds and accounts are hereby created and established and shall be maintained by the Fiscal Agent for the administration and control of the proceeds of the Bonds, the Revenues and any related moneys:

(a) Los Angeles County Energy Program Contractual Assessment Revenue Bonds Acquisition Fund (the "Acquisition Fund"), within which there shall be a separate account with appropriate designations for each Series of New Money Bonds;

(b) Los Angeles County Energy Program Contractual Assessment Revenue Bonds Escrow Fund (the "Escrow Fund"), within which there shall be a separate account with appropriate designations for each Series of Refunding Revenue Bonds;

(c) Los Angeles County Energy Program Contractual Assessment Revenue Bonds Debt Service Fund (the "Debt Service Fund"), within which there shall be established (A) the Assessment Bond Payment Account (the "Assessment Bond Payment Account"); and (B) the Assessment Bond Prepayment Account (the "Assessment Bond Prepayment Account");

(d) Los Angeles County Energy Program Contractual Assessment Revenue Bonds Reserve Fund (the "Revenue Bond Reserve Fund"); and

(e) Los Angeles County Energy Program Contractual Assessment Revenue Bonds Costs of Issuance Fund (the "Costs of Issuance Fund"), within which there shall be a separate account with appropriate designations for each Series of Bonds.

The funds and accounts established herein may be subdivided into accounts and sub-accounts, as applicable, to perform the necessary rebate calculations or to administer the funds as provided in this Authority Indenture.

Section 4.2. Application of Proceeds of the Series A Bonds. On the Closing Date for the Series A Bonds, the proceeds of the sale of the Series A Bonds in the amount of \$ \_\_\_\_\_ shall be paid to the Fiscal Agent and transferred or deposited by the Fiscal Agent as follows:

(a) \$ \_\_\_\_\_ in the account within the Acquisition Fund established for the Series A Bonds and used to acquire the County Series A Bonds;

(b) \$ \_\_\_\_\_ in the Revenue Bond Reserve Fund, constituting the full amount of the Revenue Bond Reserve Requirement; and

(c) \$ \_\_\_\_\_ in the account within the Costs of Issuance Fund established for the Series A Bonds.

Section 4.3. Acquisition Fund. The Fiscal Agent hereby agrees to maintain the Acquisition Fund and the accounts therein, into which shall be deposited the balance of the proceeds of sale of the Bonds pursuant to Section 2.3, after making the deposits to the Escrow Fund required (if any) by Section 4.8, if any. The Fiscal Agent may establish in the Acquisition Fund one or more accounts as it may deem necessary or convenient for the purpose of holding the proceeds of separate Series of Bonds. Moneys in the Acquisition Fund or in any accounts therein shall be disbursed by the Fiscal Agent to acquire the County New Money Assessment Bonds.

Section 4.4. Debt Service Fund and Accounts. (a) The Fiscal Agent hereby agrees to maintain the Debt Service Fund (the "Debt Service Fund") and the accounts therein until all payments of principal of and premium (if any) and interest on the Bonds have been made and all of the Bonds have been paid or redeemed. The Fiscal Agent shall establish within the Debt Service Fund an Assessment Bond Payment Account and an Assessment Bond Prepayment Account. All sums received by the Authority from the County pursuant to the County Indenture in connection with the collection of Assessment Installments and payment of debt service on the related County's Assessment Bonds, including any redemption period interest and penalties thereon and the proceeds of the exercise of any of the remedies for delinquent payments available hereunder or under the 1913 Act or the 1915 Act, shall be deposited and held in the Assessment Bond Payment Account of the Debt Service Fund relating to the Series of Bonds to which such Revenues are pledged as security.

(b) The Paying Agent shall make payments of interest and principal, respectively, due and payable with respect to Bonds from monies which shall be transferred to it by the Fiscal Agent on or before such date from the Assessment Bond Payment Account of the Debt Service Fund on each Interest Payment Date and each Principal Payment Date. In the event of any deficiency in the Assessment Bond Payment Account for payment of principal of and interest on the Bonds, the Fiscal Agent shall, to the extent available, transfer amounts from the Revenue Bond Reserve Fund to the Assessment Bond Payment Account or directly to the Paying Agent in accordance with Section 4.7 hereof for application first to the payment of interest on the Bonds, and then to the payment of principal due on such Bonds and then to the payment of principal due on such Bonds or any portion thereof called for redemption pursuant to Section 3.2 hereof.



On each September 2 beginning on the first Principal Payment Date, all monies in the Assessment Bond Payment Account in excess of the amount necessary to make the payments of principal of and interest on the Bonds then due or overdue and payable on such date (assuming all Owners entitled to payment on or before such date take or have taken any and all actions necessary on their part to receive amounts due them) shall be transferred by the Fiscal Agent (i) first to the Revenue Bond Reserve Fund to the extent of any deficiency therein, for application in accordance with Section 4.7 hereof, and (ii) second, to a special account to be established and maintained by the Fiscal Agent to be designated the Assessment Bond Prepayment Account of the Debt Service Fund for application to the redemption of the Bonds pursuant to Section 3.2 hereof.

(c) Amounts received from, or on behalf of, the County as prepayment of any County Assessment Bond shall be deposited by the Fiscal Agent in the Assessment Bond Prepayment Account of the Debt Service Fund for application pursuant to Section 4.5(b) hereof. The Fiscal Agent shall deposit in the Assessment Bond Prepayment Account amounts transferred to such account from the Revenue Bond Reserve Fund pursuant to Section 4.7 below. [Amounts in the Assessment Bond Prepayment Account shall be used to pay the principal of and redemption premium on Bonds the maturities of which shall have been advanced pursuant to Parts 11 or 11.1 of the 1915 Act, codified as Sections 8750 et seq. and 8760 et seq. of the California Streets and Highways Code. The Paying Agent, at the direction of the Treasurer if the Paying Agent is not the Treasurer, shall advance the maturity of and call Bonds for redemption pursuant to this Authority Indenture and the 1915 Act whenever and to the extent surplus monies are on deposit in the Assessment Bond Prepayment Account sufficient to pay the principal of Bonds in integral \$5,000 amounts plus the redemption premium thereon.] On or after each Redemption Date, or prior thereto with the consent of the Treasurer, upon presentation and surrender thereof, the Paying Agent shall pay the principal of and redemption premium on each Bond the maturity of which has been so advanced from the Assessment Bond Prepayment Account. Interest accrued on each such Bond to the earlier of the payment date or Redemption Date shall be paid from monies transferred to the Paying Agent on or before such date by the Fiscal Agent from the Assessment Bond Payment Account of the Debt Service Fund.

(d) If there is a surplus remaining in any account in the Debt Service Fund after payment of all Bonds and the interest thereon, plus applicable redemption premium (if any), that surplus shall be released from the pledge and lien hereof and transferred to the County to be used for the benefit of the LACEP.

Section 4.5. Assessment Prepayments. (a) The Assessment Bonds of a Series shall be prepaid by the County to the extent any owner of assessed land may prepay the Assessment of an Assessment Contract.

(b) Upon prepayment of an Assessment Bond pursuant to subsection (a) above, the Fiscal Agent shall deposit such payment in the Debt Service Fund for payment to Owners of the corresponding Bonds to be redeemed in accordance with Section 3.1. If notice of redemption is given in accordance with Section 3.6 hereof, the Bonds so advanced shall mature and become payable as set forth in Section 3.7 hereof.

Section 4.6. Costs of Issuance Fund. The Fiscal Agent hereby agrees to maintain the Costs of Issuance Fund and the accounts therein. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Fiscal Agent from time to time to pay the Costs of Issuance upon submission of a Disbursement Request of the Authority, substantially in the form of Exhibit B hereto, stating (a) the Person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the applicable account of the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior disbursement from the applicable account of the Costs of Issuance Fund; in each case together with a statement or invoice for each amount requested thereunder. On or before 180 days following the issuance of a Series of Bonds, the Fiscal Agent shall transfer all amounts (if any) remaining in the Costs of Issuance Fund to the Debt Service Fund.

Section 4.7. Revenue Bond Reserve Fund. (a) The Fiscal Agent hereby agrees to maintain and hold in trust a special fund designated the "Revenue Bond Reserve Fund" until all payments of principal of and premium (if any) and interest on the Bonds have been made and all Bonds have been paid or redeemed. At the time of issuance of a Series of the Bonds, there shall be deposited in the Revenue Bond Reserve Fund an amount that will, together with amounts on deposit in the Revenue Bond Reserve Fund, equal the Revenue Bond Reserve Requirement. There shall be maintained in the Revenue Bond Reserve Fund an amount equal to the Revenue Bond Reserve Requirement. [Additional deposits shall be made as provided in this Authority Indenture].

[The Authority shall cause the Revenue Bond Reserve Fund to be administered in accordance with Part 16 of the 1915 Act; provided that proceeds from redemption or sale of properties, with respect to which payment of delinquent Assessments and interest thereon was made from the Revenue Bond Reserve Fund, shall be credited to the Revenue Bond Reserve Fund].

(b) Moneys in the Revenue Bond Reserve Fund shall be used solely for the purpose of paying the principal of and interest on the Bonds (i) in the event of early prepayment of assessments in an amount which shall equal the ratio of the total amount initially provided for the Revenue Bond Reserve Fund to the total amount originally assessed in the proceedings for the Bonds said ratio multiplied by the amount of the prepayment, (ii) or in the event that the moneys in the Debt Service Fund are insufficient therefor, and the Fiscal Agent shall withdraw from the Revenue Bond Reserve Fund and deposit in the Debt Service Fund moneys necessary for such purpose.

(c) On each September 2, the Fiscal Agent shall transfer to the Revenue Bond Reserve Fund any excess amounts in the Assessment Bond Payment Account of the Debt Service Fund pursuant to the second paragraph of section 4.4(b). On each September 2 the Fiscal Agent shall, after making any transfer called for by the preceding sentence, determine whether amounts then on deposit in the Revenue Bond Reserve Fund are less than, equal to or exceed the Revenue Bond Reserve Requirement. Any such excess shall, to the extent permitted by law, be applied by the Fiscal Agent as follows:

(i) First, to the Assessment Bond Payment Account of the Debt Service Fund to be applied to the payment of principal or interest due on the Bonds; and

(ii) Second, to the Assessment Bond Prepayment Account of the Debt Service Fund for application to the redemption of Bonds pursuant to Section 3.2 hereof.

(d) Whenever, after the issuance of the Bonds, an Assessment is prepaid, in whole or in part, as provided in the 1915 Act, the Fiscal Agent, pursuant to a Written Request of the Authority, shall transfer from the Revenue Bond Reserve Fund to the Debt Service Fund an amount, specified in such Written Request, equal to the product of the ratio of the original amount of the Assessment so paid to the original amount of all unpaid Assessments, times the initial Revenue Bond Reserve Requirement; provided, however, no such transfer shall be made if after the transfer the amounts in the Revenue Bond Reserve Fund then remaining will not equal the Revenue Bond Reserve Requirement. The Fiscal Agent may conclusively rely upon the Authority's determination that the remaining funds equal the Revenue Bond Reserve Requirement.

(e) So long as no Event of Default shall have occurred and be continuing any amount in the Revenue Bond Reserve Fund in excess of the Revenue Bond Reserve Requirement on December 15 and June 15 of each year shall be withdrawn from the Revenue Bond Reserve Fund by the Fiscal Agent and shall be deposited in the Debt Service Fund.

(f) Whenever the balance in the Revenue Bond Reserve Fund is sufficient to retire all the Outstanding Bonds, whether by advance retirement or otherwise, collection of the principal and interest on the Assessments shall be discontinued and the Revenue Bond Reserve Fund liquidated by the Fiscal Agent in retirement of the Outstanding Bonds, as directed by a Written Request of the Authority. [In the event that the balance in the Revenue Bond Reserve Fund at the time of liquidation exceeds the amount required to retire all of the Outstanding Bonds, the excess shall, after payment of amounts due to the Fiscal Agent, be transferred to the Authority to be used in accordance with the JPA Act and the 1915 Act.]

(g) All amounts remaining in the Revenue Bond Reserve Fund in the year in which the last Assessments become due and payable shall be credited toward said Assessments and transferred to the Debt Service Fund pursuant to a Written Request of the Authority.

(h) All or a portion of the Revenue Bond Reserve Requirement may be satisfied by the provision of one or more policies of municipal bond insurance or surety bonds issued by a municipal bond insurer or by a letter of credit issued by a bank, the obligations insured by which insurer or issued by which bank, as the case may be, having ratings at the time of issuance of such policy or surety bond or letter of credit equal to "AA" or higher assigned by Fitch or "Aa" or higher assigned by Moody's or "AA" or higher assigned by Standard & Poor's.

Section 4.8. Escrow Fund; Refunding Revenue Bonds. (a) The Fiscal Agent hereby agrees to maintain the Escrow Fund and the accounts therein, into which shall be deposited net proceeds of Refunding Revenue Bonds to be used to redeem Outstanding Prior Revenue Bonds.

(b) In accordance with Section 9.1 of this Authority Indenture, upon the issuance of any Series of Refunding Revenue Bonds, the Authority shall cause to be deposited with the Fiscal Agent in the applicable account of the Escrow Fund the following: (i) the then Outstanding principal amount of the Prior Revenue Bonds being refunded and defeased by such Series of Refunding Revenue Bonds, and (ii) interest accrued and unpaid on such Prior Revenue Bonds to the Redemption Date.

(c) Upon receipt of the moneys described in subsection (b) above, the Fiscal Agent shall pay such moneys to the Owners of the Prior Revenue Bonds for the equal and ratable benefit of such Owners. A Redemption Notice shall be provided by the Fiscal Agent to the Owners of the Prior Revenue Bonds in accordance with Section 3.6.

(d) The Authority and the Fiscal Agent represent and agree that, concurrently with the initial deposit of the moneys in the applicable account of the Escrow Fund pursuant to this Section 4.8, (i) the Prior Revenue Bonds will no longer be deemed to be Outstanding and unpaid within the meaning and with the effect expressed in Section 9.1 of this Authority Indenture, and (ii) the Prior Assessment Bond will no longer be deemed to be outstanding and unpaid within the meaning and with the effect expressed in the Prior Assessment Bond Agreement.

(e) Monies remaining on deposit in any account of the Escrow Fund after payment of all amounts to the Owners of the applicable Series of Prior Revenue Bonds shall be released to the County for the benefit of the LACEP within five (5) Business Days after such payment to the Owners of the applicable Series of Prior Revenue Bonds,

Section 4.9. Investments. (a) Except for any escrow fund established hereunder (and the accounts therein), all moneys in any of the funds or accounts established pursuant to this Authority Indenture shall be invested by the Fiscal Agent solely in Authorized Investments. All moneys in any escrow fund established hereunder (and the accounts therein) shall be invested by the Fiscal Agent solely in Federal Securities. Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account. Moneys in the Debt Service Fund and the accounts therein shall be invested only in obligations which will by their terms mature on such dates as to ensure the timely payment of principal and interest on the corresponding Bonds as the same become due.

(b) All interest or gain derived from the investment of amounts in any of the funds or accounts hereunder shall be deposited in the fund or account from which such investment was made. The Fiscal Agent shall incur no liability for losses arising from any investments made pursuant to this Section.

(c) For the purpose of determining the amount in any fund or account hereunder, the value of investments credited to such fund or account shall be calculated at the cost thereof, excluding accrued interest and brokerage commissions, if any.

(d) The Fiscal Agent shall sell at the best price obtainable or present for redemption any obligations so purchased whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer for such funds and accounts or from such funds

and accounts. For the purpose of determining at any given time the balance in any fund or account, any such investments constituting a part of such fund and account shall be valued at their amortized cost.

## ARTICLE V

### COVENANTS

So long as any of the Bonds issued hereunder are outstanding, the Authority and the County makes the following covenants with the Owners (to be performed by the Authority or its proper officers, agents or employees), which covenants are necessary, convenient and desirable to secure the Bonds; provided, however, that said covenants do not require the Authority or the County to expend any funds other than the Revenues.

Section 5.1. Compliance with Indenture. The Authority will faithfully observe and perform all of the conditions, covenants and requirements of this Authority Indenture required to be observed or performed by it.

Section 5.2. General. The Authority shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions of this Authority Indenture. The Authority warrants that upon the date of execution and delivery of the Bonds, all conditions, acts and things required by law and this Authority Indenture to exist, to have happened and to have been performed precedent to and in the execution and delivery of such Bonds do exist, have happened and have been performed and the execution and delivery of the Bonds shall comply in all respects with the applicable laws of the State.

Section 5.3. Punctual Payment. The Authority shall punctually pay or cause to be paid the principal, premium (if any) and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Authority Indenture, according to the true intent and meaning thereof, but only out of Revenues and other moneys pledged for such payment as provided in this Authority Indenture and received by the Authority or the Fiscal Agent hereunder.

Section 5.4. Extension of Payment of Bonds. The Authority shall not directly or indirectly extend the maturity dates of the Bonds or the time of payment of interest with respect thereto. Nothing herein shall be deemed to limit the right of the Authority to issue any securities for the purpose of providing funds for the redemption of the Bonds and such issuance shall not be deemed to constitute an extension of the maturity of the Bonds.

Section 5.5. Protection of Rights. The Authority will preserve and protect the security of the Bonds and the rights of the Owners against all claims and demands of all persons, and will faithfully perform and abide by all of the covenants, undertakings and provisions contained in this Authority Indenture or in any Bond issued pursuant to this Authority Indenture and will contest by court action or otherwise (a) the assertion by any officer of any government unit or any other person whatsoever against the Authority that (i) the JPA Act or the Contractual Assessment Law is unconstitutional, (ii) the Assessments are invalid, or (iii) the Assessments

cannot be applied by the County to pay debt service on the Bonds, or (b) any other action affecting the validity of the Bonds or diluting the security therefor.

Section 5.6. Against Encumbrances. The Authority will not encumber, pledge or place any charge or lien upon any of the Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, except as permitted by this Authority Indenture.

Section 5.7. Deferral of Assessments. The County will refrain from directly or indirectly extending or deferring the payment of any Assessment Installment.

Section 5.8. Accounting Records and Statements. The Authority will keep or cause to be kept proper accounting records in which complete and correct entries shall be made of all transactions relating to the receipt, deposit and disbursement of the Assessment Installments, and such accounting records shall be available for inspection upon five (5) business days' written notice by any Owner or such Owner's agent duly authorized in writing at reasonable hours and under reasonable conditions.

Section 5.9. Covenant to Foreclose. (a) The County will initiate procedures to determine or cause to be determined if any Assessment was not paid when due during the fiscal year ended the prior June 30. If any such assessment was not paid and if the balance in the Revenue Bond Reserve Fund is less than the Revenue Bond Reserve Requirement, the County shall, upon the written request of the Owners pursuant to Section 8.2(b) hereof, send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner, and if the delinquency remains uncured within 90 days of such notice, order and cause to be commenced, and thereafter prosecute to completion pursuant to Section 8830 et seq. of the California Streets and Highways Code, judicial foreclosure proceedings upon the lien of delinquent unpaid assessments as necessary or desirable to result in assessment revenues sufficient to pay any delinquent principal of or interest on the Bonds and satisfy the Revenue Bond Reserve Requirement. Upon the redemption or sale of the real property responsible for such delinquent Assessment Installments, or resale as provided below, the County shall deposit to the Revenue Bond Reserve Fund, the amount of any delinquency advanced therefrom to the Debt Service Fund for payment of interest on or principal of Bonds.

(b) In the event that real property with an Assessment is neither redeemed by the owner thereof nor sold to a third party purchaser at such foreclosure sale, the County may, but shall not be obligated to, cause a credit bid on behalf of and in the name of the County to be entered in the amount due the County and shall cause a sheriff's deed for said real property to be executed in the name of the County. The proceeds from any resale of such real property on which there is an Assessment shall be applied in the following order: (i) to make any past due payments of principal of or interest on the Bonds, (ii) to restore the Revenue Bond Reserve Fund to the Revenue Bond Reserve Requirement, (iii) to the payment of any continuing costs of the Bonds, and (iv) for the redemption of Bonds pursuant to Section 3.2 hereof with credit for such redemption credited pro rata against all Assessments.

(c) [In the event that the Treasurer and the County make the determinations described in the Sections 8770-8772 of the 1915 Act in connection with the prospects of an

ultimate loss accruing to the bondholders, the County, the Treasurer and the Fiscal Agent shall take the actions required by Sections 8770-8784 of said Act and Owners of Bonds shall be deemed to have consented to do such things as are required by such Sections of Owners of Bonds.]

Section 5.10. Further Assurances. The Authority will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of its duties under this Authority Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Authority Indenture.

## ARTICLE VI

### PAYING AGENT AND FISCAL AGENT

Section 6.1. Paying Agent and Fiscal Agent. The Authority hereby appoints the Treasurer of the County, or his designated agents, as the Paying Agent and the Auditor, or his designated agents, as the Fiscal Agent for the Bonds.

The Paying Agent is hereby authorized to and shall mail interest payments to the Owners, select Bonds for redemption, give notice of redemption and maintain the Bond Register. The Paying Agent is hereby authorized to and shall pay, from funds on deposit for such purposes hereunder, the principal of and premium, if any, on the Bonds when the same are duly presented to it for payment at maturity or on call and redemption, provide for the registration of transfer and exchange of Bonds presented to it for such purposes, provide for the cancellation of Bonds all as provided in this Authority Indenture, and provide for the authentication of Bonds, and shall perform all other duties assigned to or imposed on it as provided in this Authority Indenture. The Paying Agent shall keep accurate records of all Bonds paid and discharged by it.

The Fiscal Agent is also authorized to and shall maintain and administer funds and accounts established pursuant to Section 4.1 hereof. The Fiscal Agent shall keep accurate records of all funds administered by it. The Authority further authorizes and designates the Auditor to perform those functions of the Fiscal Agent set forth herein which, pursuant to the Contractual Assessment Law and the provisions incorporated therein by reference, are to be performed by the treasurer.

Each of the initially appointed Paying Agent and Fiscal Agent may contract with any third party to perform any or all of their obligations and duties under this Authority Indenture. The Paying Agent and Fiscal Agent may each be removed by the Authority and a successor or successors may be appointed. So long as any Bonds are Outstanding and unpaid, the Paying Agent, the Fiscal Agent and any successor or successors thereto designated by the Authority shall continue to be Paying Agent and Fiscal Agent, respectively, of the Authority for all of said purposes until the designation of a successor or successors.

Section 6.2. Liability of Paying Agent and Fiscal Agent. The recitals of fact and all promises, covenants and agreements contained herein and in the Bonds shall be taken as statements, promises, covenants and agreements of the Authority, and the Paying Agent and the

Fiscal Agent assume no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of this Authority Indenture or of the Bonds, and shall incur no responsibility in respect thereof, other than in connection with its duties or obligations set forth herein or in the Bonds or in the certificate of authentication and registration assigned to or imposed upon the Paying Agent or the Fiscal Agent, as applicable. The Paying Agent shall be under no responsibility or duty with respect to the issuance of the Bonds for value. Neither the Paying Agent nor the Fiscal Agent shall be liable in connection with the performance of their respective duties hereunder, except for their respective negligence or default.

Section 6.3. Compensation. The Authority shall direct the County to pay, from the Program Expense Fund, to the Fiscal Agent from time to time reasonable compensation for all services rendered under this Authority Indenture, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Authority Indenture. Other than funds on deposit in the Program Expense Fund, in no event shall the Authority or the County be required to expend its own funds hereunder.

## ARTICLE VII

### SUPPLEMENTAL INDENTURES

Section 7.1. Supplemental Indenture Without Owner Consent. The Authority may from time to time, and at any time, without notice to or consent of any of the Owners enter into such indentures or agreements supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental indentures or agreements shall thereafter form a part hereof) for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Authority Indenture or in any supplemental indenture, provided that such action shall not adversely affect the interests of the Owners;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the Authority contained in this Authority Indenture other covenants, agreements, limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with this Authority Indenture as theretofore in effect;

(c) to modify, alter, amend or supplement this Authority Indenture in any other respect which is not materially adverse to the interests of the Owners; and

(d) to provide for the issuance of any Additional Bonds and to provide the terms of such Additional Bonds, subject to the conditions and upon compliance with the procedure set forth in Section 2.15 hereof.

Section 7.2. Supplemental Indentures with Owner Consent. Except as provided in Section 7.1, the Owners of not less than sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding shall have the right to consent to and approve the execution of such



supplemental indentures as shall be deemed necessary or desirable for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Authority Indenture or in any supplemental indenture or agreement; provided, however, that nothing herein shall permit, or be construed as permitting, (a) an extension of the scheduled date of the principal payment of any Bond, or the payment date of interest on, any Bond without the consent of the Owner of such Bond, (b) a reduction in the principal amount of, or redemption price of, any Bond or the rate of interest thereon without the consent of the Owner of such Bond, (c) a reduction in the percentage of Bonds the Owners of which are required to consent to such supplemental indenture, without the consent of the Owners of all Bonds then Outstanding. Except as provided in Section 2.15 hereof, in no event may a modification or amendment provide for the issuance of additional bonds, notes or other evidences of indebtedness payable out of the Revenues.

Section 7.3. Notice of Supplemental Indenture to Owners. If at any time the parties hereto shall desire to enter into an indenture supplemental hereto, which pursuant to the terms of Section 7.2 shall require the consent of the Owners, the Authority shall cause notice of the proposed supplemental indenture to be mailed, postage prepaid, to all Owners at their addresses as they appear in the Registration Books. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that a copy thereof is on file at the office of the Authority for inspection by all Owners. The failure of any Owner to receive such notice shall not affect the validity of such supplemental indenture when consented to and approved as in Section 7.2 provided. Whenever at any time within one year after the date of the first mailing of such notice, the Authority shall receive an instrument or instruments purporting to be executed by the Owners of not less than sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed supplemental indenture described in such notice, and shall specifically consent to and approve it substantially in the form of the copy thereof referred to in such notice as on file with the Authority, such proposed supplemental indenture, when duly executed by the Authority, shall thereafter become a part of the proceedings for the issuance of the Bonds. In determining whether the Owners of the requisite aggregate principal amount of the Bonds have consented to the adoption of any supplemental indenture, Bonds which are owned by the County, the Authority, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the County or the Authority, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination.

Upon the execution and delivery of any indenture supplemental hereto and the receipt of consent to any such supplemental indenture from the Owners of the appropriate aggregate principal amount of Bonds in instances where such consent is required, this Authority Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Authority Indenture of the Authority and all Owners of Bonds then Outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

## ARTICLE VIII

### DEFAULT

Section 8.1. Events of Default. Any one or more of the following events shall constitute an "Event of Default":

(a) Default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) Default in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable; or

(c) Default by the Authority in the observance of any of the agreements, conditions or covenants on its part in this Authority Indenture or in the Bonds contained (other than a payment default referred to in subparagraphs (a) and (b) above), and the continuation of such default for a period of 60 days after the Authority shall have been given notice in writing of such default by any Owner; provided that if within 60 days the Authority has commenced curing of the default and diligently pursues elimination thereof, such period shall be extended to permit such default to be eliminated.

Section 8.2. Remedies on Default. (a) If any installment of principal or interest on any Bond is not paid when due, the owner of such Bond shall have the right to exercise such rights and remedies as are provided to such owner under the Contractual Assessment Law or under other applicable law.

(b) In the event the Authority fails to take any action to eliminate an Event of Default under Section 8.1 hereof, the Owners of not less than sixty percent (60%) in aggregate principal amount of a Series of Outstanding Bonds may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under this Authority Indenture, but only if such Owners have first made written request of the Authority, after the right to exercise such powers or right of action shall have occurred, and shall have afforded the Authority a reasonable opportunity either to proceed to exercise the powers granted herein or granted under law or to institute such action, suit or proceeding in its name and unless also, the Authority shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Authority shall have refused or neglected to comply with such request within a reasonable time. Any moneys recovered in such suit, action, mandamus or other proceedings shall be applied first to the payment of the reasonable costs and expenses of the Owners in bringing such suit, action, mandamus or other proceeding, including reasonable compensation to their agents and attorney.

(c) The principal of the Bonds shall not be subject to acceleration.

Section 8.3. Remedies Not Exclusive; Non-Waiver. No remedy conferred hereby upon any Owner is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the JPA Act, the Contractual Assessment Law,

or any other law of the State. No waiver of any default or breach of duty or contract by any Owner shall affect any subsequent default or breach of duty or contract or shall impair any rights or remedies on said subsequent default or breach. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed as a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Owners may be enforced and exercised as often as may be deemed expedient. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and the Owner shall prevail, said Owner shall be entitled to receive reimbursement for reasonable costs, expenses, outlays and attorney's fees and should said suit, action or proceeding be abandoned, or be determined adversely to the Owners then, and in every such case, the Authority and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 8.4. Limited Liability of the Authority to the Owners; No Liability of the Authority. Except for the collection of the Revenues and the observance and performance of the other conditions, covenants and terms contained herein or in the JPA Act required to be observed or performed by it, the Authority shall not have any obligation or liability to the Owners with respect to this Authority Indenture or the preparation, authentication, delivery, transfer, exchange or cancellation of the Bonds. The County has determined that no funds of the County will be available to pay principal of, premium, if any, or interest on the Bonds. The County has determined that pursuant to the Contractual Assessment Law, the County will not obligate itself to advance available funds from the County's treasury to cure any deficiency which may occur in the Debt Service Fund.

## ARTICLE IX

### MISCELLANEOUS

Section 9.1. Defeasance. If all Outstanding Bonds of a Series shall be paid and discharged in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest with respect to all Bonds of such Series then Outstanding, as and when the same become due and payable;

(b) by depositing with the Fiscal Agent, at or before maturity, an amount which, together with the amounts then on deposit in the corresponding account of the Debt Service Fund, is fully sufficient to pay the principal of and redemption premium (if any) and interest on all Bonds of such Series then Outstanding as and when the same shall become due and payable or, in the event of redemption thereof, before their respective Maturity Dates; or

(c) by depositing with the Fiscal Agent Federal Securities in such amount as the Authority shall determine, as verified by a nationally recognized Independent Public Accountant, will, together with the interest to accrue thereon and moneys then on deposit in the corresponding account of the Debt Service Fund together with the interest to accrue thereon, be fully sufficient to pay and discharge the principal of, and premium (if any) and interest on all Bonds of such Series then Outstanding as and when the same shall become due and payable;

then, at the election of the Authority, and notwithstanding that any Bonds of such Series shall not have been surrendered for payment, all obligations of the Authority under this Authority Indenture with respect to all Outstanding Bonds of such Series shall cease and terminate, except for (i) the obligation of the Authority Treasurer to pay or cause to be paid to the Owners of the Bonds of such Series not so surrendered and paid, all sums due thereon, and (ii) the Authority's obligations under Section 5.3. Any funds held by the Fiscal Agent in such account of the Debt Service Fund, at the time of receipt of such notice from the Authority, which are not required for the purpose above mentioned, shall be transferred to the County to be used for the benefit of the LACEP.

Section 9.2. Cancellation of Bonds. All Bonds surrendered to the Fiscal Agent for payment upon maturity or redemption shall upon payment therefor be canceled immediately and forthwith transmitted to or upon the order of the Authority. All of the canceled Bonds shall be transferred to and shall remain in the custody of the Fiscal Agent until destroyed by the Fiscal Agent pursuant to due authorization.

Section 9.3. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Authority Indenture to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds shall be sufficient for the purposes of this Authority Indenture (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be proved by a signature guarantee of any bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee shall also constitute sufficient proof of his or her authority.

(b) As to any Bond, the person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute Owner thereof for all purposes, and payment of or on account of the principal of any such Bond, and the interest thereon, shall be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond and the interest thereon to the extent of the sum or sums so paid. The Fiscal Agent shall not be affected by any notice to the contrary.

Nothing in this Authority Indenture shall be construed as limiting the Fiscal Agent to such proof, it being intended that the Fiscal Agent may accept any other evidence of the matters herein stated which the Fiscal Agent may deem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond in respect of anything done or suffered to be done by the Fiscal Agent in pursuance of such request or consent.

Section 9.4. Provisions Constitute Contract. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Authority Indenture shall be deemed to be and shall constitute a contract between the Authority and the Owners from time to time of the Bonds; and the pledge made in this Authority Indenture and the covenants and agreements herein set forth to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the owners of any and all of the Bonds, all of which, regardless of the time or times of their issuance, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or permitted by this Authority Indenture.

Section 9.5. Payment on Business Day. In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Authority Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period after such date.

Section 9.6. Disqualified Bonds. In the event of a later transfer of the Bonds in accordance with Section 2.7 hereof, in determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Authority Indenture, Bonds which are owned or held by or for the account of the Authority or the County shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Fiscal Agent shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Fiscal Agent knows to be so owned or held shall be disregarded.

Section 9.7. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Authority Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Authority Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Authority Indenture and the Bonds issued pursuant hereto shall remain valid and the Owners shall retain all valid rights and benefits accorded to them under this Authority Indenture and the Constitution and laws of the State.

Section 9.8. Notice. Any notice, demand, direction, request or other instrument authorized or required by this Authority Indenture to be given to or filed with the Authority, the Paying Agent or the Fiscal Agent shall be deemed to have been sufficiently given or filed for all purposes of this Authority Indenture if and when delivered to or sent by certified mail, return receipt requested to:

Authority: Los Angeles County Public Works Financing Authority  
County of Los Angeles  
500 West Temple Street, Room 437  
Los Angeles, California  
Attention: Executive Officer

County: County of Los Angeles  
500 West Temple Street, Room 437  
Los Angeles, California  
Attention: Treasurer and Tax Collector

Paying Agent: County of Los Angeles  
500 West Temple Street, Room 437  
Los Angeles, California  
Attention: Treasurer and Tax Collector

Fiscal Agent: County of Los Angeles  
500 West Temple Street, Room 603  
Los Angeles, California  
Attention: Auditor-Controller

All documents received by the Fiscal Agent of the Paying Agent under the provisions of this Authority Indenture shall be retained in its possession, subject at all reasonable times to the inspection of the Authority, any Owner, and the agents and representatives thereof.

Section 9.9. No Personal Liability. The Authority, the County and the officer, agent or employee thereof shall not be individually or personally liable for the payment of the principal of or interest on the Bonds; but nothing herein contained shall relieve any such entity, officer, agent or employee from the performance of any official duty provided by law.

Section 9.10. Employment of Agents by the Authority. In order to perform its duties and obligations hereunder, the Authority may employ such persons or entities as it deems necessary or advisable. The Authority shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

Section 9.11. Counterparts. This Authority Indenture may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument.

Section 9.12. Headings. Any headings preceding the texts of the several Articles hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Authority Indenture, nor shall they affect its meaning, construction or effect.

Section 9.13. Governing Law. All provisions of this Authority Indenture are to be governed by the laws of the State.

IN WITNESS WHEREOF, the parties have executed this Authority Indenture effective the date first above written.

[SEAL]

LOS ANGELES COUNTY PUBLIC WORKS  
FINANCING AUTHORITY

By: \_\_\_\_\_  
Chair of the Board of Directors

ATTEST:

Secretary

By: \_\_\_\_\_  
Deputy

TREASURER AND TAX COLLECTOR OF THE  
COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Mark J. Saladino

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN  
COUNTY COUNSEL

By: \_\_\_\_\_  
Principal Deputy County Counsel

AUDITOR-CONTROLLER OF THE COUNTY  
OF LOS ANGELES

By: \_\_\_\_\_  
Wendy L. Watanabe



**EXHIBIT A**  
**FORM OF BOND**

*[Transfer of this Bond is subject to the restrictions set forth in the herein referenced Indenture.]*

*[If this Bond is issued in book-entry form only: then unless this Bond is presented by an authorized representative of DTC (as defined in the indenture) to the trustee for registration of transfer, exchange or payment, and any Bond executed and delivered is registered in the name of Cede & Co. Or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. Or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, Cede & Co. has an interest herein.]*

United States of America  
State of California  
County of Los Angeles

NUMBER [1]

\$ \_\_\_\_\_

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY  
LOS ANGELES COUNTY ENERGY PROGRAM  
CONTRACTUAL ASSESSMENT REVENUE [REFUNDING] BOND  
SERIES \_\_\_\_ (TAXABLE)

MATURITY DATE      DATED DATE      INTEREST RATE      [CUSIP NUMBER]

REGISTERED OWNER:

PRINCIPAL AMOUNT:

Under and by virtue of Articles 1 through 4 (commencing with Section 6500) of the Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended (the "JPA Act"), the Los Angeles County Public Works Financing Authority, a joint powers authority organized and existing under the laws of the State of California (the "Authority") hereby promises to pay (but only out of the Revenues as such term is defined in the Indenture, dated as of \_\_\_\_\_, 20\_\_ (the "Indenture") by and among the Authority, the Treasurer and Tax Collector of the County, as paying agent (the "Paying Agent") to the registered owner hereof or registered assigns (the "Owner"), and the Auditor-Controller of the County, as fiscal agent (the "Fiscal Agent") to the Owner, on the Maturity Date identified above, subject to any right of prior redemption hereinafter mentioned, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon at a rate of interest [determined pursuant to Resolution No. \_\_\_\_ of the Board of Directors of the Authority (the

"Resolution of Issuance"), adopted on [May 25, 2010], in like money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication and registration of this Bond, unless this Bond is authenticated and registered (i) on an Interest Payment Date, in which event interest shall be payable from such date of authentication and registration, (ii) prior to an Interest Payment Date and after the close of business on the 15th day of the month immediately preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) prior to the close of business on February 15, \_\_\_\_\_, in which event it shall bear interest from the Bond Date stated above, until payment of such principal sum shall have been discharged; provided, however, that if at the time of authentication of such Bond, interest is in default, interest on that Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment.

The principal of this Bond shall be payable on the Maturity Date. Interest on this Bond shall be payable semiannually on March 2 and September 2 (each an "Interest Payment Date") in each year commencing on \_\_\_\_\_. Principal of and interest on this Bond shall be paid by check of the Paying Agent mailed on or before the Interest Payment Date by first class mail, postage prepaid, or upon satisfaction of certain conditions specified in the Indenture, by wire transfer or any other method acceptable to the Owner, to the person whose name appears in the Registrations Books as the Owner of such Bond as of the 15<sup>th</sup> day of the calendar month immediately preceding each Interest Payment Date, to the address of that person on the Registration Books, provided that the payment of principal of the Bond on the Maturity Date and the payment of the principal of the Bond and any premium due upon the redemption thereof shall be payable upon presentation and surrender thereof at maturity or earlier redemption at the office of the Paying Agent in Los Angeles, California.

This Bond shall bear interest until the principal amount has been paid; provided, however, that if at the Maturity Date, or if at the redemption date of any principal amount of this Bond which has been duly called for redemption as provided in the Indenture, funds are available for the payment or redemption thereof in full accordance with the terms of the Indenture, such principal amount shall then cease to bear interest.

This Bond is subject to redemption as set forth in the Indenture.

This Bond is issued by the Authority under the JPA Act and the Indenture for the purpose of funding the acquisition of contractual assessment limited obligation improvement bonds issued concurrently herewith by the County of Los Angeles, a political subdivision of the State of California (the "County") in connection with the financing of certain distributed generation renewable energy sources and energy and water efficiency improvements pursuant to the Los Angeles County Energy Program established by the Board of Supervisors of the County pursuant to the Contractual Assessment Law. The obligation of the County to make payments to the Authority of principal of and interest on the County's bonds is a limited obligation secured only as set forth in that certain Indenture, dated as of \_\_\_\_\_ 1, 2010, executed by and among the County, the Treasurer and Tax Collector of the County, as paying agent on behalf of the owners of the County's bonds, and the Auditor-Controller of the County, as fiscal agent on behalf of the owners of the County's bonds.

This Bond is secured by the Revenues, including the moneys in the Series \_\_\_\_\_ Account of the Debt Service Fund, and is payable exclusively out of such account. This Bond and interest thereon are not secured by any other funds of the Authority or the County. Neither the credit of the County or the Authority nor the taxing power of the County is pledged for the payment of this Bond or the interest thereon, and no Owner of this Bond may compel the exercise of any taxing power by the County or force the forfeiture of any of its properties. The principal of, and premium (if any) and interest on this Bond are not a debt of the County nor a legal or equitable pledge, charge, lien or encumbrance upon any of the properties of the Authority or the County, or upon any of their income, receipts or revenues, other than the Revenues and the funds described in the Indenture. The Authority has no taxing power.

This Bond is transferable by the Owner hereof, in person or by the Owner's attorney duly authorized in writing, at the office of the Paying Agent, subject to the terms and conditions provided in the Indenture, including the payment of certain charges, if any, upon exchange, transfer, surrender or cancellation of this Bond. Upon transfer, a new registered Bond or Bonds, of [any authorized denomination or denominations], of the same maturity, and for the same aggregate principal amount, will be issued to the transferee in exchange therefor.

The Paying Agent shall not be required to exchange or register the transfer of Bonds during the 15 days immediately preceding any Interest Payment Date or of any Bonds selected for redemption in advance of maturity.

The Paying Agent and the Authority may treat the Owner hereof as the absolute owner for all purposes, and the Paying Agent and the Authority shall not be affected by any notice to the contrary.

This Bond or any portion of it in the amount of \$5,000 or any integral multiple thereof, or in such other denomination or denominations as determined by the Authority Treasurer in accordance with the Indenture, is subject to redemption and payment prior to maturity as set forth in the Indenture.

This Bond shall not be entitled to any benefit under the JPA Act or the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Paying Agent.

[The remainder of this page is intentionally left blank.]

THE AUTHORITY HAS CERTIFIED, RECITED AND DECLARED that all things, conditions and acts required by the Constitution and laws of the State of California and the Indenture to exist, to have happened and to have been performed precedent to and in the execution, authentication and the delivery of this Bond, do exist, have happened and have been performed in due time, form and manner, as required by law and the Indenture.

IN WITNESS WHEREOF, the Authority has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signatures of its Chair and Treasurer, all as of the dated date identified above.

LOS ANGELES COUNTY PUBLIC WORKS  
FINANCING AUTHORITY

By: \_\_\_\_\_  
Chair of the Board of Directors

ATTEST:

By: \_\_\_\_\_  
Treasurer

PAYING AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture which has been authenticated and registered on the \_\_\_ day of \_\_\_\_\_, 20\_\_.

TREASURER AND TAX COLLECTOR OF THE  
COUNTY, as Paying Agent

By: \_\_\_\_\_

[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_, whose tax identification number is \_\_\_\_\_, the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney to transfer the same on the books of the Fiscal Agent with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature guaranteed:

NOTE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

NOTICE. Signature must be guaranteed by a member of an institution which is a participant in the Securities Transfer Agent Medallion Program i STAMP or other similar program.

**EXHIBIT B**

**(LETTERHEAD OF THE APPLICABLE DEPARTMENT OF THE  
COUNTY OF LOS ANGELES)**

**PAYMENT REQUEST FORM**

Auditor-Controller, as Fiscal Agent  
500 West Temple Street, Room 603  
Los Angeles, CA 90012

SUBJECT: REQUEST FOR PAYMENT OF COSTS OF ISSUANCE  
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY  
LOS ANGELES COUNTY ENERGY PROGRAM  
CONTRACTUAL ASSESSMENT REVENUE BONDS, SERIES \_\_\_\_

The Fiscal Agent is hereby requested to pay from the Costs of Issuance Fund established pursuant to the Indenture, dated as of \_\_\_\_\_ 1, 2010, executed by and among the Los Angeles County Public Works Financing Authority, the County of Los Angeles, the Treasurer and Tax Collector of the County of Los Angeles, as Paying Agent, and the Auditor-Controller of the County of Los Angeles, as Fiscal Agent, to the person, corporation or other entity designated below as Payee, the sum set forth below such designation, in payment of the Costs of Issuance described below. The amount shown below is due and payable under a purchase order, contract or other authorization with respect to the Costs of Issuance described below and has not formed the basis of any prior request for payment.

Payee:

Address:

Amount: \$ \_\_\_\_\_

Description:

Description of Costs of Issuance or portion thereof accepted by the County of Los Angeles and authorized to be paid to the Payee.

Executed by the Authorized  
Representative of the County  
of Los Angeles

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_\_\_\_

Title: \_\_\_\_\_

Payment Request No. \_\_\_\_\_

Attachment: (Attach duplicate original of Payee's statement(s) or invoice(s))

**LOAN AGREEMENT**

Dated as of \_\_\_\_\_ 1, 2010

by and between the

**COUNTY OF LOS ANGELES, CALIFORNIA,**

and the

**LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY**

Relating to

**Los Angeles County Public Works Financing Authority  
Los Angeles County Energy Program  
Contractual Assessment Revenue Bonds, Series A**

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EXHIBIT A - LOAN REPAYMENT SCHEDULE

EXHIBIT B - ASSESSMENT CONTRACT SCHEDULE

## **LOAN AGREEMENT**

THIS LOAN AGREEMENT (this "Loan Agreement") is made and entered into as of \_\_\_\_\_ 1, 2010, by and between the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the "County"), and the LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the "Authority");

### **WITNESSETH:**

WHEREAS, Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the State of California (the "Contractual Assessment Law") authorizes counties to assist free and willing property owners in financing the installation of distributed generation renewable energy sources and energy and water efficiency improvements (the "Improvements") that are permanently fixed to residential, commercial, industrial or other real property through a contractual assessment program; and

WHEREAS, the Board of Supervisors (the "Board of Supervisors") of the County of Los Angeles, a political subdivision of the State of California (the "County"), previously approved a resolution (the "Resolution of Intention") declaring its intention to order the implementation of a contractual assessment program to finance Improvements pursuant to the Contractual Assessment Law; and

WHEREAS, following notice duly given and a hearing in accordance with applicable law, the Board of Supervisors approved a resolution (the "Resolution Establishing the LACEP") which, among other things, authorized the establishment of the Los Angeles County Energy Program (the "LACEP") to finance the acquisition, construction and installation of the Improvements on properties in the County through the use of contractual assessments pursuant to the Contractual Assessment Law; and

WHEREAS, pursuant to LACEP, the County will enter into contractual assessment agreements (each, an "Assessment Contract") with free and willing property owners (the "Property Owners") pursuant to which the County will assist in financing the acquisition, construction and installation of Improvements on or in such owners' respective properties and levy contractual assessments (each, an "Assessment") on the applicable properties in the amounts set forth in the Assessment Contracts; and

WHEREAS, the Board of Directors (the "Board of Directors") of the Los Angeles County Public Works Financing Authority (the "Authority") previously approved a resolution (the "Authority Resolution") authorizing the issuance of its Los Angeles County Energy Program Contractual Assessment Revenue Bonds (the "Bonds") from time to time in one or more series under and pursuant to Articles 1 through 4 (commencing with Section 6500) of the Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (as amended, the "JPA Act") for the purpose of funding loans (the "Loans") to the County, which will disburse such loan amounts and any other moneys available therefor to free and willing property owners to finance the Improvements pursuant to LACEP; and

WHEREAS, the Authority will issue its \$\_\_\_\_\_ aggregate principal amount of Los Angeles County Energy Program Contractual Assessment Revenue Bonds, Series A (the "Series A Bonds") pursuant to the terms of that certain Indenture, dated as of \_\_\_\_\_ 1, 2010 (the "Indenture"), by and among the County, the Authority, the Auditor-Controller of the County, as fiscal agent thereunder, and the Treasurer and Tax Collector of the County, as paying agent thereunder; and

WHEREAS, this Loan Agreement represents one such loan by the Authority to the County with respect to such the Series A Bonds; and

WHEREAS, the County and the Authority have determined that all acts and proceedings required by law necessary to make this Loan Agreement, when executed by the County and the Authority, the valid, binding and legal obligation of the County and to constitute this Loan Agreement a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Loan Agreement have been in all respects duly authorized;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto do hereby agree as follows:

## ARTICLE I

### DEFINITIONS

Section 1.1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Loan Agreement shall have the respective meanings which such terms have in the Indenture. In addition, the following terms defined in this Section 1.1 shall, for all purposes of this Loan Agreement, have the respective meanings herein specified.

"Assessment Contracts" means the agreements by and between the County and the free and willing property owners identified on the "Assessment Contract Schedule" attached as Exhibit B to this Loan Agreement.

"Assessment Installments" means the installments of principal, interest and premium, if any, to be paid on the unpaid Assessments by the owners of the real properties described in Exhibit B attached hereto.

"Assessment Revenues" means the revenues received by the County in each Fiscal Year from the collection of the annual Assessment Installments, including any interest and penalties thereon and the proceeds of the exercise of any of the remedies for delinquent payments available under the related Assessment Contracts or under the Contractual Assessment Law.

"Assessments" means the unpaid assessments levied by the County pursuant to the Contractual Assessment Law and the related Assessment Contracts, constituting a first lien and charge upon the real properties described in Exhibit B attached hereto.

"Event of Default" means any of the events described in Section 5.1 of this Loan Agreement.

"Loan" means the loan made by the Authority to the County pursuant to Section 2.1 of this Loan Agreement.

"Loan Agreement" means this Loan Agreement by and between the County and the Authority, as amended or supplemented pursuant to the provisions hereof.

"Loan Maturity Date" shall be the same date as the Maturity Date with respect to the Bond.

"Series A Repayment Account" means the account by that name established and held hereunder by the County within the Energy Fund pursuant to Section 3.2 of this Loan Agreement.

"Written Request of the County" means a request in writing signed by an Authorized Representative of the County.

Section 1.2. Rules of Construction. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Loan Agreement, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or subdivision hereof.

## ARTICLE II

### THE LOAN; ESTABLISHMENT OF FUNDS

Section 2.1. Authorization. The Authority hereby agrees to lend to the County, from the proceeds of the sale of the Series A Bonds deposited in the Loan Fund established under the Indenture, the aggregate principal amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_) under and subject to the terms of this Loan Agreement, the Contractual Assessment Law, and the JPA Act. This Loan Agreement constitutes a continuing agreement with the Authority to secure the full and final payment of the Loan, subject to the covenants, agreements, provisions and conditions herein contained.

Section 2.2. Terms of Loan. The principal of the Loan shall be payable no later than the second (2nd) Business Day prior to the Loan Maturity Date. Interest on the Loan shall be calculated on the basis of a 360-day year of twelve 30-day months. The first semi-annual installment of interest shall accrue from and including the Closing Date to but not including the next succeeding Interest Payment Date. Each succeeding semi-annual installment of interest shall accrue from and including the Interest Payment Date occurring at the beginning of such semi-annual period to but not including the next succeeding Interest Payment Date. Principal of and interest on the Loan shall be payable in each of the years and in the amounts set forth on Exhibit A hereto.

Principal of and interest on the Loan shall be payable by the County to the Authority from moneys deposited in the Series A Repayment Account pursuant to Section 3.2 hereof, in immediately available funds which constitute lawful money of the United States of America. Payment of such principal and interest shall be secured, and amounts for the payment thereof shall be deposited by the Authority with the Fiscal Agent at the times, as set forth in Article III hereof.

Section 2.3. Prepayment.

(a) Mandatory Prepayment. (i) The principal of the Loan shall be prepaid prior to maturity in whole or in part [on the Business Day preceding] any Interest Payment Date, from prepaid assessments on deposit and available for such purpose in the Series A Repayment Account of the Energy Fund, at a prepayment price equal to 10\_% of the principal amount of the Loan to be prepaid and accrued interest to the date fixed for redemption of the related Bonds.

(ii) The Loan shall be prepaid prior to maturity in whole on any date from proceeds of Refunding Bonds and other monies available therefor on deposit in the escrow fund for the Series A Bonds at a prepayment price equal to 10\_% of the principal amount of the Loan to be prepaid and accrued interest thereon to the date fixed for redemption of the Series A Bonds. Upon deposit of the moneys in the escrow fund for prepayment in full of the Loan hereunder and satisfaction of Section 9.1 of the Indenture, the Loan will be deemed paid within the meaning and with the effect expressed this Loan Agreement.

(b) Optional Prepayment.

(i) The principal of the Loan may be prepaid prior to maturity in whole or in part [on the Business Day preceding] any Interest Payment Date, from any available source of funds in the Series A Repayment Account of the Energy Fund, other than prepaid assessments referenced in the foregoing paragraph (a), at a prepayment price equal to the principal amount of the Loan to be prepaid, a prepayment premium equal to 10\_% of the principal amount of the Loan to be prepaid, and accrued interest to the date fixed for redemption of the related Bonds.

(c) The County shall give \_\_ days' prior written notice to the Paying Agent of its election to prepay all or a portion of the Loan under this Section 2.3, and shall transfer to the Fiscal Agent all amounts required for such prepayment.

Section 2.4. Application of Loan Proceeds. In furtherance of Section 4.3 of the Indenture, the County shall provide to the Fiscal Agent one or more Written Requests of the County requesting disbursement of the proceeds of the Loan to the property owners listed on Exhibit B hereof from amounts on deposit in the Loan Fund (or an account therein, if any) established under the Indenture, on the Closing Date or such other date or dates specified in such Written Request(s) of the County. After all amounts required to be disbursed under and pursuant to the Assessment Contract listed on Exhibit B hereof have been disbursed, moneys on deposit in the Loan Fund (or the applicable account therein, if any) in an amount equal to the difference between (i) the total set forth in the column titled "Approved Disbursement Amount" on

Exhibit B, and (ii) all amounts disbursed to the property owners listed on Exhibit B, shall be used by the County to prepay the Loan pursuant to Section 2.3(b) of this Loan Agreement.

### ARTICLE III

#### PLEDGE OF ASSESSMENT REVENUES; APPLICATION OF FUNDS

Section 3.1. Pledge of Assessment Revenues. The Loan shall be secured by a pledge of, security interest in and lien on all of the related Assessment Revenues and the amounts in the Series A Repayment Account created hereunder. The Assessment Revenues are hereby allocated in their entirety to the payment of certain costs and expenses [up to a maximum of \$\_\_\_\_\_,] incurred by the County in connection with the administration of LACEP and payment of the principal of and interest on the Loan.

Section 3.2. Series A Repayment Account; Deposit of Assessment Revenues. There is hereby established a special trust account within the Energy Fund to be known as the "Series A Repayment Account" held by the Treasurer. The County shall deposit all Assessment Revenues in the Series A Repayment Account promptly upon receipt thereof. Any amounts remaining in the Series A Repayment Account after payment in full of the Loan and the interest thereon shall be used by the County for the benefit of LACEP.

Section 3.3. Transfers of Assessment Revenues to Authority. (a) No later than the Business Day preceding each Interest Payment Date commencing \_\_\_\_\_, the County shall withdraw from the Series A Repayment Account and (i) transfer to the Program Expense Fund an amount equal to [formula to come], up to a maximum of one-half of the amount set forth in Section 3.1 hereof, and (ii) transfer to the Authority (or to the Fiscal Agent on behalf of the Authority), for deposit in the Debt Service Fund amounts sufficient to pay the interest then due on the Loan pursuant to Section 2.2 of this Loan Agreement.

(b) No later than the Business Day preceding each Principal Payment Date, the County shall withdraw from the Series A Repayment Account and transfer to the Authority (or to the Fiscal Agent on behalf of the Authority), for deposit in the Debt Service Fund, an amount sufficient to pay in full the portion of the principal of the Loan then due.

(c) No later than the Business Day preceding each Interest Payment Date commencing \_\_\_\_\_, the County shall withdraw from the Series A Repayment Account and transfer to the Authority (or to the Fiscal Agent on behalf of the Authority), for deposit in the Reserve Fund an amount that will, together with the amounts on deposit in the Reserve Fund, equal the Reserve Requirement.

(d) On each September 2, all moneys in the Series A Repayment Account in excess of the foregoing amount shall, to the extent permitted by law, be applied as follows:

(i) first, the moneys shall be transferred to the Program Expense Fund (in which case such moneys shall be released from the pledge and lien hereunder), unless the Treasurer determines in his sole discretion that amounts then on deposit in the Program Expense Fund are sufficient to pay anticipated costs and expenses to be incurred

by the County in connection with administration of LACEP for the next 12 months and anticipated costs and expenses to be incurred by the County, the Authority, the Paying Agent and the Fiscal Agent in connection with the Bonds for the next twelve (12) months, in which event the Treasurer may, but is not required to, apply such excess monies in accordance with paragraph (ii) below; and

(ii) second, the moneys shall be retained in the Series A Repayment Account, or, at the option of the County, the moneys shall be applied to prepay the Loan pursuant to Section 2.3(b).

Section 3.4. Program Expense Fund. There has been heretofore established a fund within the Energy Fund called the Program Expense Fund and held by the County. There will be deposited in the Program Expense Fund (i) the amounts received by the Treasurer with respect to each parcel in each Fiscal Year in satisfaction of the Annual Administrative Assessment pursuant to the Assessment Contracts and (ii) the amounts, exclusive of Revenues, deducted from Assessments and set-aside to pay the costs and expenses[, up to a maximum of \$ \_\_\_\_\_ in each Fiscal Year], incurred by the County in connection with the capitalized costs of establishing and administering LACEP. Amounts on deposit in the Program Expense Fund shall be used by the County to pay for ordinary and necessary costs of administering the levy and collection of the Assessments and all other administrative costs and incidental expenses related to the Series A Bonds, as well as the capitalized costs of establishing and administering LACEP. On each June 30, amounts in excess of the Annual Administrative Assessments expected to be incurred through the next succeeding September 2 may be applied as a credit upon the assessment levied for the upcoming fiscal year for Annual Administrative Assessments. Any surplus remaining in the Program Expense Fund after payment or provision for payment of all Administrative Expenses and other costs in connection with establishing and administering LACEP incurred or expected to be incurred through and including activities relating to the payment in full of the Bonds may be transferred to the County for the benefit of LACEP.

Section 3.5. Investment of Moneys; Valuation of Investments. All moneys in the Series A Repayment Account shall be invested by the County solely in Authorized Investments, maturing not later than the respective dates on which such moneys are estimated by the County to be required to be deposited with the Authority pursuant to Section 3.3 hereof. All interest, profits and other income received from the investment of moneys in any fund or account held under this Loan Agreement shall be deposited in such fund or account. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such investment shall be credited to the fund from which such accrued interest was paid. Authorized Investments acquired as an investment of moneys in any fund or account held under this Loan Agreement shall be credited to such fund.

For the purpose of determining the amount in any fund or account hereunder, the value of Authorized Investments credited to such fund shall be calculated at the lesser of (a) the original cost thereof (excluding brokerage commissions and accrued interest, if any), or (b) the principal amount thereof.



## ARTICLE IV

### OTHER COVENANTS OF THE COUNTY

Section 4.1. Punctual Payment. The County will punctually pay or cause to be paid the principal of and interest on the Loan together with any prepayment premiums thereon in strict conformity with the terms of this Loan Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Loan Agreement.

Section 4.2. Limited Obligation. The Loan is a limited obligation of the County and is payable solely from and secured solely by related Assessment Revenues and the amounts in the Series A Repayment Account created hereunder.

Section 4.3. General. The County shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the County under the provisions of this Loan Agreement. The County warrants that upon the date of execution and delivery of this Loan Agreement, the conditions, acts and things required by law and this Loan Agreement to exist, to have happened and to have been performed precedent to and in the execution and delivery of such Loan Agreement do exist, have happened and have been performed and the execution and delivery of the Loan Agreement shall comply in all respects with the applicable laws of the State.

Section 4.4. Protection of Security and Rights of Authority. The County will preserve and protect the security of the Loan and the rights of the Authority thereto, and will warrant and defend their rights to such security against all claims and demands of all persons. From and after the delivery of the Loan Agreement by the County, the Loan shall be incontestable by the County.

Section 4.5. Against Encumbrances. The County will not encumber, pledge or place any charge or lien upon any of the related Assessment Revenues or other amounts pledged to the related Loan superior to or on a parity with the pledge and lien herein created for the benefit of the Loan, except as permitted by this Loan Agreement.

Section 4.6. Collection of Assessment. The County shall comply with all requirements of the Contractual Assessment Law and applicable State law so as to assure the timely collection of the unpaid Assessment.

Section 4.7. Accounting Records and Statements. The County will keep or cause to be kept proper accounting records in which complete and correct entries shall be made of all transactions relating to the receipt, deposit and disbursement of the Assessment Revenues, and such accounting records shall be available for inspection upon five (5) Business Days' written notice by the Authority or the Fiscal Agent or their respective agent duly authorized in writing at reasonable hours and under reasonable conditions.

Section 4.8. Further Assurances. The County will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of its duties under

this Loan Agreement, and for the better assuring and confirming unto the Authority the rights and benefits provided in this Loan Agreement.

Section 4.9. Payment of Expenses; Indemnification. At the request or direction of the Authority, the County shall pay from the Program Expense Fund (but only to the extent moneys are on deposit therein) the costs and expenses incurred by the Authority in connection with the issuance of the Bond, including all compensation to the Fiscal Agent from time to time for all services rendered this Loan Agreement and the Indenture, including but not limited to all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties hereunder and thereunder. Upon the occurrence of an Event of Default, the Fiscal Agent (if other than the Auditor) shall have a first lien on the Assessment Revenues and the Series A Repayment Account to secure the payment to the Fiscal Agent of all fees, costs and expenses, including reasonable compensation to its experts, attorneys and counsel incurred in declaring such Event of Default and in exercising the rights and remedies set forth in Article V hereof.

The County further covenants and agrees to indemnify and save the Fiscal Agent (if other than the Auditor) and its officers, directors, agents and employees, harmless against any losses, expenses and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or intentional misconduct of the Fiscal Agent, its officers, directors, agents or employees. The obligations of the County under this paragraph shall survive the resignation or removal of the Fiscal Agent under the Indenture, this Loan Agreement and payment of the Loan and the discharge of this Loan Agreement.

## ARTICLE V

### EVENTS OF DEFAULT AND REMEDIES

Section 5.1. Events of Default. The following events shall constitute Events of Default hereunder:

(a) Default in the due and punctual payment of the principal of or prepayment premium, if any, on the Loan when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) Default in the due and punctual payment of the interest on the Loan when and as the same shall become due and payable; or

(c) Default by the County in the observance of any of the agreements, conditions or covenants on its part in this Loan Agreement (other than a payment default referred to in subparagraphs (a) and (b) above), and the continuation of such default for a period of 60 days after the County shall have been given notice in writing of such default by the Authority or the Fiscal Agent; provided that if within 60 days the County has commenced curing of the default and diligently pursues elimination thereof, such period shall be extended to permit such default to be eliminated.

Section 5.2. Remedies Not Exclusive; Non-Waiver. No remedy conferred hereby upon the Authority is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the JPA Act, Chapter 29, or any other law of the State. No waiver of any default or breach of duty or contract by the Authority shall affect any subsequent default or breach of duty or contract or shall impair any rights or remedies on said subsequent default or breach. No delay or omission of the Authority to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed as a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Authority may be enforced and exercised as often as may be deemed expedient. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and the Authority shall prevail, the Authority shall be entitled to receive reimbursement for reasonable costs, expenses, outlays and attorney's fees and should said suit, action or proceeding be abandoned, or be determined adversely to the Authority then, and in every such case, the Authority and the Authority shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 5.3. Limited Liability of the County to the Authority. Except for the collection of the Assessment Revenues and the observance and performance of the other conditions, covenants and terms contained herein or in the Contractual Assessment Law required to be observed or performed by it, the County shall not have any obligation or liability to the Authority with respect to this Loan Agreement. Pursuant to the Resolution of Intention relating to these proceedings, the County has determined that no funds of the County will be available to pay principal of, premium, if any, or interest on the Bonds. The County has determined that pursuant to the Contractual Assessment Law, the County will not obligate itself to advance available funds from the County's treasury to cure any deficiency which may occur in the Debt Service Fund under the Indenture.

Section 5.4. Action by Authority Upon Default. In the event the County fails to take any action to eliminate an Event of Default under Section 5.1 hereof, the Authority may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under this Loan Agreement, but only if the Authority has first made written request of the County, after the right to exercise such powers or right of action shall have occurred, and shall have afforded the County a reasonable opportunity either to proceed to exercise the powers granted herein or granted under law or to institute such action, suit or proceeding in its name and unless also, the County shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the County shall have refused or neglected to comply with such request within a reasonable time. Any moneys recovered in such suit, action, mandamus or other proceedings shall be applied first to the payment of the reasonable costs and expenses of the Authority in bringing such suit, action, mandamus or other proceeding, including reasonable compensation to its agents and attorney.

## ARTICLE VI

### MISCELLANEOUS

Section 6.1. Discharge of Loan Agreement. If the County shall pay and discharge the entire indebtedness on the Loan in any one or more of the following ways and shall concurrently therewith discharge the indebtedness of the Series A Bonds in full:

(a) by well and truly paying or causing to be paid the principal of and interest and prepayment premiums (if any) on the Loan, as and when the same become due and payable;

(b) by irrevocably depositing with the Fiscal Agent, in trust, at or before maturity, cash in an amount which, together with the available amounts then on deposit in any of the funds and accounts maintained pursuant to the Indenture in connection with the Series A Bonds or this Loan Agreement, is fully sufficient to pay all principal of and interest and prepayment premiums (if any) on the Loan; or

(c) by irrevocably depositing with the Fiscal Agent or any other fiduciary, in trust, Federal Securities pursuant to Section 9.1(c) of the Indenture in such amount as an Independent Public Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to the Indenture or pursuant to this Loan Agreement, be fully sufficient to pay and discharge the indebtedness on the Loan (including all principal, interest and prepayment premiums) at or before maturity;

then, at the election of the County but only if all other amounts then due and payable hereunder shall have been paid or provision for their payment made, the pledge of and lien upon the Assessment Revenues and other funds provided for in this Loan Agreement and all other obligations of the Authority and the County under this Loan Agreement with respect to the Loan shall cease and terminate, except only the obligation of the County to pay or cause to be paid to the Authority, from the amounts so deposited with the Authority, the Paying Agent, the Fiscal Agent, or such other fiduciary, all sums due with respect to the Loan and all expenses and costs of the Authority, the Paying Agent and the Fiscal Agent. Notice of such election shall be filed with the Authority, the Paying Agent, and the Fiscal Agent.

Any funds thereafter held by the County hereunder, which are not required for purposes of this Section 6.1, shall be transferred to the County for the benefit of LACEP.

Section 6.2. Amendment. This Loan Agreement may be amended by the parties hereto but only to the extent such amendment shall not be inconsistent with the terms and provisions hereof and only for the following purposes:

(a) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Loan Agreement or in any supplemental indenture, provided that such action shall not adversely affect the interests of the Authority;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the County contained in this Loan Agreement other covenants, agreements, limitations and restrictions to be observed by the County which are not contrary to or inconsistent with this Loan Agreement as theretofore in effect; and

(c) to modify, alter, amend or supplement this Loan Agreement in any other respect which is not materially adverse to the interests of the Authority.

The Authority covenants that the Indenture shall not be amended without the prior written consent of the County.

Section 6.3. Notice. Any notice, demand, direction, request or other instrument authorized or required by this Loan Agreement to be given to or filed with the Authority, the County, the Paying Agent or the Fiscal Agent shall be deemed to have been sufficiently given or filed for all purposes of this Loan Agreement if and when delivered to or sent in accordance with Section 9.8 of the Indenture.

Section 6.4. Payment on Business Day. In any case where the date of the maturity of interest or of principal (and premium, if any) of the Loan or the date fixed for prepayment of the Loan or any portion thereof or the date any action is to be taken pursuant to this Loan Agreement is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period after such date.

Section 6.5. Benefits Limited to Parties. Nothing in this Loan Agreement, expressed or implied, is intended to give to any person other than the County and the Authority, any right, remedy or claim under or by reason of this Loan Agreement. All covenants, stipulations, promises or agreements in this Loan Agreement contained by and on behalf of the County shall be for the sole and exclusive benefit of the Authority, of any Fiscal Agent (if not the Auditor) and of any Paying Agent (if not the Treasurer) acting under the Indenture for the benefit of the Owners of the Bond.

Section 6.6. No Personal Liability. The County and the officer, agent or employee thereof shall not be individually or personally liable for the payment of the principal of or interest on the Bonds; but nothing herein contained shall relieve any such entity, officer, agent or employee from the performance of any official duty provided by law.

Section 6.7. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Loan Agreement, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Loan Agreement and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Loan Agreement and the related Loan shall remain valid and the parties hereto shall retain all valid rights and benefits accorded to them under this Loan Agreement and the Constitution and laws of the State.

Section 6.8. Headings. Any headings preceding the texts of the several Articles hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Loan Agreement, nor shall they affect its meaning, construction or effect.

Section 6.9. Governing Law. All provisions of this Loan Agreement are to be governed by the laws of the State.

Section 6.10. Counterparts. This Loan Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the COUNTY OF LOS ANGELES and the LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY, have caused this Loan Agreement to be signed by their respective officers, all as of the day and year first above written.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Chair of the Board of Supervisors

ATTEST:

SACHI A. HAMAI  
Executive Officer-Clerk  
of the Board of Supervisors

By: \_\_\_\_\_  
Deputy

LOS ANGELES COUNTY PUBLIC WORKS  
FINANCING AUTHORITY

By: \_\_\_\_\_  
Chair of the Board of Directors

ATTEST:

Secretary

By: \_\_\_\_\_  
Deputy

**EXHIBIT A**

**LOAN REPAYMENT SCHEDULE**

<u>Date</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total</u>
-------------	-------------------------	-----------------	--------------



**EXHIBIT B**

**ASSESSMENT CONTRACT SCHEDULE**

<b>Property Owner(s)</b>	<b>Date of Assessment Contract</b>	<b>Approved Disbursement Amount</b>
------------------------------	----------------------------------------	---------------------------------------------

**INDENTURE**

**Dated as of \_\_\_\_\_, 2010**

**by and among**

**LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY,**

**COUNTY OF LOS ANGELES, CALIFORNIA,**

**TREASURER AND TAX COLLECTOR OF THE COUNTY OF LOS ANGELES  
as the Paying Agent**

**and**

**AUDITOR-CONTROLLER OF THE COUNTY OF LOS ANGELES  
as the Fiscal Agent**

**\$ \_\_\_\_\_  
Los Angeles County Public Works Financing Authority  
Los Angeles County Energy Program  
Contractual Assessment Revenue Bonds, Series A**

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## INDENTURE

This INDENTURE (the "Indenture"), dated as of \_\_\_\_\_ 1, 2010, is executed by and among the County of Los Angeles (the "County"), a political subdivision of the State of California (the "State"), the Los Angeles County Public Works Financing Authority (the "Authority"), a joint exercise of powers entity formed by agreement under the Constitution and the laws of the State, the Treasurer and Tax Collector of the County, as paying agent (the "Paying Agent") on behalf of the owners of the herein described Bonds, and the Auditor-Controller of the County, as fiscal agent (the "Fiscal Agent") on behalf of the owners of the herein described Bonds.

WHEREAS, Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the State of California (the "Contractual Assessment Law") authorizes counties to assist free and willing property owners in financing the installation of distributed generation renewable energy sources and energy and water efficiency improvements (the "Improvements") that are permanently fixed to residential, commercial, industrial or other real property through a contractual assessment program; and

WHEREAS, the Board of Supervisors (the "Board of Supervisors") of the County, previously approved a resolution (the "Resolution of Intention") declaring its intention to order the implementation of a contractual assessment program to finance the acquisition, construction and installation of the Improvements pursuant to the Contractual Assessment Law; and

WHEREAS, following notice duly given and a hearing in accordance with applicable law, the Board of Supervisors approved a resolution which, among other things, authorized the establishment of the Los Angeles County Energy Program (the "LACEP") to finance the acquisition, construction and installation of the Improvements on properties in the County through the use of contractual assessments pursuant to the Contractual Assessment Law; and

WHEREAS, pursuant to LACEP, the County will enter into contractual assessment agreements (each, an "Assessment Contract") with free and willing property owners (the "Property Owners") pursuant to which the County will assist in financing the acquisition, construction and installation of Improvements on or in such owners' respective properties and levy contractual assessments (each, an "Assessment") on the applicable properties in the amounts set forth in the Assessment Contracts; and

WHEREAS, the Authority will issue Los Angeles County Energy Program Contractual Assessment Revenue Bonds (the "New Money Bonds") from time to time in one or more series under and pursuant to the JPA Act and this Indenture for the purpose of funding loans (the "Loans") to the County, which will disburse such amounts and any other moneys available therefor to free and willing property owners to finance the Improvements pursuant to LACEP; and

WHEREAS, the Authority may issue Los Angeles County Energy Program Contractual Assessment Revenue Refunding Bonds (the "Refunding Bonds" and, together with

the New Money Bonds, the "Bonds") from time to time in one or more series under and pursuant to the JPA Act and this Indenture for the purpose of refinancing the bonds referenced above; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured, and to secure the payment of the principal thereof and premium, if any, and interest thereon, the County and the Authority have authorized the execution and delivery of this Indenture; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Indenture do exist, have happened and have been performed in due time, form, and manner as required by law, and the parties hereto are duly authorized to execute and enter into this Indenture;

NOW, THEREFORE, in consideration of the covenants and provisions herein set forth and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

## **ARTICLE I**

### **DEFINITIONS; RULES OF CONSTRUCTION; AUTHORIZATION AND PURPOSE OF BONDS**

Section 1.1. **Definitions.** Unless the context otherwise requires, the following terms shall have the following meanings for purposes of this Indenture:

"1913 Act" means The Municipal Improvement Act of 1913, being Division 12 of the Streets and Highways Code of the State.

"1915 Act" means The Improvement Bond Act of 1915, being Division 10 of the Streets and Highways Code of the State.

"Additional Bonds" means one or more series of bonds issued pursuant to this Indenture subsequent to the issuance of the Series A Bonds.

"Administrative Expenses" means (i) the ordinary and necessary costs of administering the levy and collection of the Assessments and all other administrative costs and incidental expenses related to the Bonds, including, but not limited to, any annual audit fees, Paying Agent fees, Fiscal Agent fees and such other costs as are paid or payable from amounts collected pursuant to Sections 8682, 8682.1 or 10312 of the California Streets and Highway Code and (ii) capitalized costs of establishing and administering LACEP.

"Annual Administrative Assessment" means the annual assessment levied against the properties of owners participating in LACEP to pay the ordinary and necessary costs incurred by the County in connection with the administration and collection of the Assessments, from the administration or registration of any associated bonds, including the Bonds, securities or other financing arrangements, and from the administration of the Reserve Fund or other related funds.

"Assessment Contracts" means, as to each Loan, the agreements by and between the County and free and willing property owners participating in LACEP and identified in Exhibit B to the related Loan Agreement, pursuant to which the County agrees to provide financing to such property owners for the acquisition, construction and installation of Improvements to such owners' properties.

"Assessment Installments" means, as to each Loan, the installments of principal, interest and premium, if any, to be paid on the unpaid Assessments by certain property owners pursuant to the terms of the related Assessment Contracts. The term "Assessment Installments" does not include the Annual Administrative Assessment.

"Assessment Revenues" means, as to each Loan, the revenues received by the County in each Fiscal Year from the collection of the annual Assessment Installments, including any interest and penalties thereon and the proceeds of the exercise of any of the remedies for delinquent payments available under the related Assessment Contracts or under the Contractual Assessment Law.

"Assessments" means, as to each Loan, the unpaid assessments levied by the County pursuant to the Contractual Assessment Law and the related Assessment Contracts constituting a first lien and charge upon certain real properties in the County.

"Auditor" means the Auditor-Controller of the County.

"Authority" means the Los Angeles County Public Works Financing Authority created pursuant to the JPA Act, together with its successors and assigns.

"Authority Board" means the Board of Directors of the Authority.

"Authorized Investment" means any legal investment of Authority funds.

"Authorized Representative of the Authority" means the Treasurer of the Authority and any other person designated by such officers or authorized to act on behalf of the Authority under or with respect to this Indenture and all other agreements related hereto.

"Authorized Representative of the County" means the Treasurer, the Auditor, the Program Administrator or any other person designated by such officers and authorized to act on behalf of the County under or with respect to this Indenture and all other agreements related hereto.

"Authority Treasurer" means the Treasurer of the Authority.

"Board of Supervisors" means the Board of Supervisors of the County.

"Bond Date" means the dated date of the Bonds, which shall be the Closing Date.

"Bonds" means the contractual assessment revenue bonds authorized by and at any time Outstanding pursuant to the provisions of this Indenture and as designated pursuant to Section 2.3 hereof, including the Series A Bonds and any Additional Bonds.



“Business Day” means any day other than (i) a Saturday or a Sunday, (ii) a day on which banking institutions in the State or the Federal Reserve System are authorized or obligated by law or executive order to be closed, or (iii) a day on which the County offices are closed on account of an official holiday recognized by the County.

“Closing Date” means, with respect to each Series of Bonds the date of initial delivery of such Series of Bonds.

“Contractual Assessment Law” means Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code, commencing with Section 5898.10, and all laws amendatory thereof or supplemental thereto.

“Costs of Issuance” means all of the costs of issuing the Bonds, including, but not limited to, all printing and document preparation expenses in connection with this Indenture, the Bonds and any and all other agreements, instruments, certificates or other documents issued in connection therewith; legal fees and expenses of counsel with respect to the issuance of the Bonds; fees and expenses of the financial advisor with respect to the issuance of the Bonds; underwriters’ fees; the initial fees and expenses of the Fiscal Agent and the Paying Agent, if any (including without limitation, origination fees and first annual fees payable in advance); and other fees and expenses incurred in connection with the issuance of the Bonds or the implementation of the financing for the Loans to the extent such fees and expenses are approved by the Authority.

“County” means the County of Los Angeles, a political subdivision of the State.

“Debt Service Fund” means the fund created and established pursuant to Section 4.1 hereof.

“DTC” means The Depository Trust Company in New York, New York.

“Energy Fund” means the Energy Fund established pursuant to Resolution No. \_\_\_\_\_ of the Board of Supervisors, adopted on May 25, 2010.

“Escrow Fund” means the fund by that name created and established pursuant to Section 4.1 hereof.

“Event of Default” means any occurrence or event specified in and defined by Section 8.1 hereof.

“Federal Securities” means any of the following which at the time of investment are legal investments under the laws of the State of California for the funds proposed to be invested therein: (a) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America); and (b) obligations of any agency, department or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America.

"Fiscal Agent" means (i) the Auditor or his designated agent or (ii) any bank, trust company, national banking association or other financial institution appointed as fiscal agent for the Bonds in the manner provided in this Indenture.

"Fiscal Year" means any twelve-month period extending from July 1st in one calendar year to June 30th of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period.

"Improvements" means the qualifying distributed generation renewable energy sources and energy and water efficiency improvements acquired, constructed and/or installed on or in properties in the County under LACEP and the related Assessment Contracts.

"Indenture" means this Indenture, dated as of \_\_\_\_\_ 1, 2010, by and among the County, the Authority, the Paying Agent and the Fiscal Agent, as amended or supplemented pursuant to the terms hereof.

"Independent Public Accountant" means any certified public accountant or firm of certified public accountants appointed and paid by the Authority or the County who, or each of whom (i) is in fact independent and not under domination of the Authority or the County; (ii) does not have any substantial interest, direct or indirect, in the Authority or the County; and (iii) is not connected with the Authority or the County as an officer or employee of the Authority or the County but who may be regularly retained to make annual or other audits of the books of, or reports to, the Authority or the County.

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Services," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Moody's Investors Service "Municipal and Government," 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; Kenny S&P, "Notification Department," 55 Water Street, 45th Floor, New York, New York 10041; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to the Bonds to be redeemed as the County may designate in a Written Request of the Authority filed with the Fiscal Agent.

"Interest Payment Date" means, with respect to any Bond, March 2 and September 2 in each year, beginning on March 2 in the year immediately succeeding the August deadline by which the Assessments of the applicable Assessment Contracts have been enrolled on the County tax roll, and continuing thereafter so long as any Bonds remain Outstanding.

"JPA Act" means the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the Government Code of the State, as amended) and all laws amendatory thereof or supplementing thereto.

"LACEP" means the Los Angeles County Energy Program established pursuant to Resolution No. \_\_\_\_\_ of the Board of Supervisors, adopted on [May 25, 2010] under the Contractual Assessment Law.

"Loan" means each loan of proceeds of Bonds by the Authority to the County pursuant to the terms of the related Loan Agreement for purposes of financing Improvements in accordance with LACEP and the related Assessment Contracts.

"Loan Agreement" means each Loan Agreement between the Authority, as lender, and the County, as borrower, with respect to each Series of Bonds, as originally executed and as may be amended or supplemented from time to time in accordance with the terms thereof.

"Loan Fund" means the fund by that name established and held by the Fiscal Agent pursuant to Section 4.1 hereof.

"Loan Payment Account" means the account by that name established and held by the Fiscal Agent pursuant to Section 4.1 hereof with respect to each Series of Bonds issued hereunder.

"Loan Prepayment Account" means the account by that name established and held by the Fiscal Agent pursuant to Section 4.1 hereof with respect to each Series of Bonds issued hereunder.

"Maturity Date" means the date specified in any Bond on which the principal of such Bond becomes due and payable.

"New Money Bonds" means Bonds issued to finance Improvements in accordance with LACEP and the related Assessment Contracts.

"Outstanding" means, subject to the provisions of Section 9.6 hereof, all Bonds theretofore or thereupon being authenticated and delivered by the Paying Agent under this Indenture except:

- (1) Bonds theretofore canceled by the Paying Agent or surrendered to the Paying Agent for cancellation;
- (2) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Paying Agent pursuant to this Indenture;
- (3) From and after the date fixed for redemption, Bonds or portions thereof designated for redemption for which notice of redemption has been duly given and the amount necessary for redemption has been made available for that purpose; and
- (4) Bonds for the payment or redemption of which funds or eligible securities in the necessary amount shall have theretofore been deposited with the Fiscal Agent in accordance with Section 9.1 hereof (whether on or prior to the maturity or Redemption Date of such Bonds).

"Owner" when used with respect to any Bond, means the person in whose name the ownership of such Bond is registered on the Registration Books maintained by the Fiscal Agent.

“Paying Agent” means the Treasurer and its designated agents, any third party contractor serving as Paying Agent, and their successors or assigns, acting in the capacity of registrar, paying agent and transfer agent. The Treasurer is authorized to contract with any third party to perform the services of Paying Agent under this Indenture.

“Principal Payment Date” means September 2 of each year, commencing September 2, 20\_\_ with respect to the Series A Bonds.

“Prior Bonds” means any or all (as the context may require) Series of Bonds designated for refunding with proceeds of a Series of Refunding Bonds.

“Prior Loan” means the loan or loans relating to the Prior Bonds.

“Prior Loan Agreement” means the loan agreement pursuant to which the Authority loaned proceeds of the Prior Bonds to the County.

“Program Administrator” means the Director of the Internal Services Department of the County, pursuant to the Resolution of Intention, or any designee of such officer.

“Program Expense Fund” means the fund by that name and established in the Energy Fund held by the County in connection with the Annual Administrative Assessment and other amounts received for payment of Administrative Expenses and administered pursuant to the Loan Agreement.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth day of the calendar month immediately preceding the applicable Interest Payment Date, whether or not such day is a Business Day.

“Redemption Date” means, with respect to any Bonds, the date on which such Bonds have been called for redemption pursuant to Section 3.1 or Section 3.2 of this Indenture prior to their Maturity Date.

“Redemption Notice” has the meaning provided in Section 3.6 hereof.

“Refunding Bonds” means Bonds issued to finance the refunding of bonds outstanding under this Indenture or other issuance instrument and secured by loan proceeds derived from payments of Assessments.

“Registration Books” means the records maintained by the Paying Agent pursuant to Section 2.9 hereof for the registration and transfer of ownership of the Bonds.

“Representation Letter” means the Blanket Letter of Representations delivered upon or prior to the issuance of the Bonds to DTC by the Authority.

“Reserve Fund” means the fund created and established pursuant to Section 4.1(d) hereof.

"Reserve Requirement" means, as of the date of any calculation, which calculation shall be made by the Fiscal Agent, an amount equal to the least of (i) \_\_\_\_\_ or (ii) 10 percent of the total amount of Assessments relating to the Bonds hereunder. The Reserve Requirement shall be calculated upon each Loan prepayment pursuant to Section [3.2] in connection a payment or prepayment of an Assessment pursuant to Section 8881 and Section 8884 of the 1915 Act.

"Resolution of Intention" means Resolution No. \_\_\_\_\_ of the Board of Supervisors adopted on April 6, 2010.

"Resolution Establishing LACEP" means Resolution No. \_\_\_\_\_ of the Board of Supervisors adopted on May 25, 2010.

"Revenues" means (a) all amounts paid by the County to the Authority or the Fiscal Agent pursuant to the applicable Loan Agreement other than administrative fees and expenses and indemnity against claims payable to the Authority and the Fiscal Agent, (b) all moneys deposited and held from time to time by the Fiscal Agent in the corresponding account of the Debt Service Fund established hereunder with respect to the Bonds, and (c) investment income with respect to any moneys held by the Fiscal Agent in the corresponding account of the Debt Service Fund established hereunder with respect to the Bonds.

"Securities Depository" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, N.Y. 10041-0099 Attn. Call Notification Department, Fax (212) 855 7232, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositories, or no such depositories, as the County may indicate in a Written Request of the Authority delivered to the Paying Agent.

"Series" means each Series of Bonds issued and designated pursuant to and in accordance with Section 2.1, Section 2.3 or Section 2.15 hereof.

"Series A Bonds" means the Authority's Los Angeles County Energy Program Contractual Assessment Revenue Bonds, Series A.

"State" means the State of California.

"Supplemental Indenture" means any indenture adopted by the parties hereto amendatory of or supplemental to this Indenture.

"Treasurer" means the Treasurer and Tax Collector of the County.

"Written Request of the Authority" means a request in writing signed by an Authorized Representative of the Authority.

Section 1.2. Rules of Construction. All references in this Indenture to "Sections," and other subdivisions, unless indicated otherwise, are to the corresponding Sections or subdivisions of this Indenture; and the words "herein," "hereof," "hereunder," and other words of similar import refer to this Indenture as a whole and not to any particular Section or subdivision hereof.

Section 1.3. Authorization and Purpose of Bonds. The Authority Board has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen and be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Authority is now authorized, pursuant to each and every requirement of law, to issue the Bonds in the manner and form as in this Indenture provided. The Authority Board hereby authorizes the issuance of the Bonds pursuant to the JPA Act and this Indenture for the purpose of providing funds to make the Loans to the County to make disbursements pursuant to the Assessment Contracts to property owners for the cost of Improvements.

## ARTICLE II

### THE BONDS

Section 2.1. Authorization and Purpose of Bonds; Equality of Bonds; Pledge; Limited Liability

(a) The Authority is hereby authorized and directed to execute, and the Fiscal Agent is hereby authorized and directed upon written request of an Authorized Representative of the Authority to authenticate and deliver the Bonds. The Authority may authorize the execution, authentication and delivery of Additional Bonds at any time after the execution, authentication and delivery of the Bonds only as provided in Section 2.15 hereof, which Additional Bonds shall contain such additional designation as may be determined by the Authority, including the designation of Refunding Bonds, as appropriate. The Bonds may be issued in book-entry form or certificate form.

(b) The Authority hereby pledges and assigns to the Paying Agent and the Fiscal Agent, as applicable, in trust for the protection and security of the Owners, all of its right, title and interest in the Revenues, including the payments derived from Assessment Installments and any foreclosure proceedings relating thereto, for the payment of principal of, premium (if any) and interest on the Bonds. The Bonds shall be and are equally secured by a pledge of and lien upon the Revenues.

(c) The Bonds and interest thereon are not payable from the general funds of the Authority or the County. Neither the credit of the County or the Authority nor the taxing power of the County is pledged for the payment of the Bonds or the interest thereon, and no Owner of the Bonds may compel the exercise of any taxing power by the County or force the forfeiture of any of its property. The principal of, and premium (if any) and interest on the Bonds are not a debt of the County nor a legal or equitable pledge, charge, lien or encumbrance upon any of the property of the Authority or the County, or upon any of their income, receipts or revenues, other than the Revenues.

Section 2.2. Collection of Assessments. (a) The Assessment Installments shall be payable as provided in the Assessment Contracts and shall be payable in the same manner and at the same time and in the same installments as general taxes on real property are payable, and become delinquent at the same times and in the same proportionate amounts and bear the same

proportionate penalties and interest after delinquency as do general taxes on real property. Nothing in this Indenture or in any Supplemental Indenture shall preclude the redemption prior to maturity of any Bonds or the payment of the Bonds from proceeds of refunding bonds issued under any law of the State.

(b) Except for the collection of the Assessment Installments and the observance and performance of the other conditions, covenants and terms contained herein or in the 1915 Act or the Contractual Assessment Law required to be observed or performed by it, the County shall not have any obligation or liability to the Owners with respect to this Indenture or the Bonds.

Section 2.3. Issuance of Series A Bonds; Description of Series A Bonds. (a) The Series A Bonds shall consist of such Bonds designated generally as "Los Angeles County Public Works Financing Authority Los Angeles County Energy Program Contractual Assessment Revenue Bonds, Series A". Series A Bonds in the aggregate principal amount not to exceed \$ \_\_\_\_\_ shall be issued for the purposes of funding one or more Loans to the County, which will disburse such amounts and any other moneys available therefor to free and willing property owners to finance the Improvements pursuant to LACEP.

(b) The Series A Bonds may be issued in one or more subseries, with the principal amount of each subseries of Series A Bonds to be determined by the Treasurer.

(c) Each Series of Bonds shall bear a series designation as determined by the Authority.

(d) The Series A Bonds shall be issued only in fully registered form without coupons in the denomination of \$5,000 or any integral multiple thereof, or in such other denomination or denominations as determined by the Authority. The Series A Bonds shall be dated as of their date of delivery and shall mature and be payable on September 2 in the years and in the principal amounts and shall bear interest as set forth below:

**Los Angeles County Energy Program  
Contractual Assessment Revenue Bonds, Series A**

<b>Maturity Date (September 2)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
	\$	

The interest rate for the Series A Bonds shall be calculated on the basis of a 360-day year of twelve 30-day months.

(e) If the Series A Bonds are issued in book-entry form, the Series A Bonds shall be initially registered in the name of "Cede & Co.," as nominee of DTC. If the Series A Bonds are issued in certificate form, the Series A Bonds shall be initially registered pursuant to Section 2.5 hereof. The Series A Bonds shall be evidenced by a single fully registered bond in the principal amount of the Series A Bonds.

Section 2.4. Medium and Payment. Principal of, and premium (if any) and interest on the Bonds shall be payable in lawful money of the United States of America. The principal of each Series of Bonds shall be payable on the respective Maturity Date set forth in the applicable Bonds. Interest with respect to each Bond shall accrue from the respective Bond Date. Interest on any Bond shall be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) such date of authentication is an Interest Payment Date, in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) the date of authentication is prior to the close of business on the first Record Date, in which event interest shall be payable from the Bond Date; provided, however, that if at the time of authentication of such Bond, interest is in default, interest on that Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment.

Principal of and interest on any Bond shall be paid by check of the Paying Agent mailed on or before the Interest Payment Date by first class mail, postage prepaid, to the person whose name appears in the Registration Books as the Owner of such Bond as of the close of business on the Record Date, to the address that appears on the Registration Books, provided that the payment of principal of the Bonds on the final Maturity Date and the payment of the principal of the Bonds and any premium due upon the redemption thereof shall be payable upon presentation and surrender thereof at maturity or earlier redemption at the office of the Paying Agent. In addition, upon a request in writing received by the Paying Agent on or before the applicable Record Date from an Owner of \$1,000,000 or more in principal amount of the Bonds payment shall be made on the Interest Payment Date by wire transfer in immediately available funds to an account designated by such Owner.

Each Bond shall bear interest until its principal sum has been paid; provided, however, that if at the Maturity Date of any Bond, or if at the Redemption Date of any Bond which has been duly called for redemption as herein provided, funds are available for the payment or redemption thereof in full accordance with the terms of this Indenture, the Bond shall then cease to bear interest.

Section 2.5. Form of Bonds and Certificate of Authentication and Registration. The Bonds shall be initially issued in the form of a fully registered bond or bonds registered in the name of the purchaser thereof. The form of the Bond, the form of the certificate of authentication and the form of registration thereon shall be substantially in the form attached hereto as Exhibit A and incorporated herein by this reference, with any necessary or appropriate variations, omissions and insertions as permitted or required hereunder. The Bonds may be printed, lithographed or typewritten and may contain such reference to any of the provisions of this Indenture as may be appropriate.



Section 2.6. Execution and Authentication. The Bonds shall be executed by the manual or facsimile signature of the Chair of the Authority and attested by the manual or facsimile signature of the Treasurer of the Authority. In case any one or more of the officers who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed have been authenticated and delivered by the Paying Agent (including new Bonds delivered pursuant to the provisions hereof with reference to the transfer and exchange of Bonds or to lost, stolen, destroyed or mutilated Bonds), such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed such Bonds had not ceased to hold such offices.

The Bonds shall bear thereon a certificate of authentication and registration, in the form set forth in Exhibit A hereto, executed by the manual signature of the Paying Agent. Only such Bonds as shall bear thereon such certificate of authentication and registration shall be entitled to any right or benefit under this Indenture, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication and registration shall have been duly executed by the Paying Agent.

Section 2.7. Registration of Exchange or Transfer. The registration of any Bond may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form acceptable to the Paying Agent and duly executed by the Owner or his or her duly authorized attorney. Bonds may be exchanged at the office of the Paying Agent for a like aggregate principal amount of Bonds of authorized denominations. The Authority and the Paying Agent will not charge for any new Bond issued upon any exchange, but may require the Owner requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange. Whenever any Bond or Bonds shall be surrendered for registration of transfer or exchange, the Paying Agent shall authenticate and deliver a new Bond or Bonds; provided that the Paying Agent shall not be required to register transfers or make exchanges during the 15 days immediately preceding any Interest Payment Date, and, of (i) Bonds for a period of 15 days next preceding the date of any selection of Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

Section 2.8. Mutilated, Lost, Destroyed or Stolen Bonds. If any Bond shall become mutilated, the Chair of the Authority, at the expense of the Owner of such Bond, shall execute, and the Paying Agent shall thereupon authenticate and deliver a new Bond of like Series, tenor, date, maturity and aggregate principal amount in authorized denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Paying Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Paying Agent shall be cancelled and destroyed. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Paying Agent and, if such evidence is satisfactory to the Paying Agent and indemnity satisfactory to the Paying Agent shall be given, the Chair of the Authority, at the expense of the Owner, shall execute, the Paying Agent shall thereupon authenticate and deliver, a new Bond of like Series, tenor and maturity numbered and dated as the Paying Agent shall determine in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been

called for redemption, instead of issuing a substitute Bond the Paying Agent may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Fiscal Agent). The Paying Agent may require payment of a reasonable fee for each new Bond issued under this Section 2.8 and of the expenses which may be incurred by the Authority and the Paying Agent. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to have been lost, destroyed or stolen shall be equally and proportionately entitled to the benefits hereof with all other Bonds secured hereby. The Paying Agent shall not treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be executed, authenticated and delivered hereunder, but both the original and replacement Bond shall be treated as one and the same.

Section 2.9. Registration Books. The Paying Agent will keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Bonds, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as he or she may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Bonds as herein provided.

The Authority and the Paying Agent may treat the Owner of any Bond whose name appears on the Registration Books as the absolute Owner of such Bond for any and all purposes, and the Authority and the Paying Agent shall not be affected by any notice to the contrary. The Authority and the Paying Agent may rely on the address of the Owner as it appears in the Registration Books for any and all purposes. It shall be the duty of each Owner to give written notice to the Authority and the Paying Agent of any change in such Owner's address so that the Registration Books may be revised accordingly.

Section 2.10. Special Provisions as to Bonds Issued In Book-Entry Form. The following provisions shall apply only if the Bonds are issued in book-entry form:

(a) Except as otherwise provided in subsections (b) and (c) of this Section 2.10, all of the Bonds initially executed and delivered hereunder shall be registered in the name of Cede & Co., as nominee for DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. Payment of the principal of and interest on each Bonds registered in the name of Cede & Co. shall be made to the account, in the manner and at the address indicated in or pursuant to the Representation Letter delivered to DTC by the Authority.

(b) The Bonds executed and delivered pursuant to this Section 2.10 shall be in the form of a single authenticated fully registered bond for each maturity of Bond. The ownership of all such Bonds shall be registered in the registration books maintained by the Paying Agent pursuant to Section 2.09 in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC may request. The Paying Agent, the Authority and the County may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of and interest on such Bonds, selecting any Bonds or portions thereof to be prepaid, giving any notice permitted or required to be given to an Owner under this Indenture, registering the transfer of Bonds, obtaining any consent or other action to be taken by the Owners and for all other purposes whatsoever; and neither the Paying Agent, the Authority nor the County shall be affected by any notice to the contrary. Neither the Paying Agent nor the County shall have any responsibility or obligation to any Participant (which shall

mean, for purposes of this Section 2.10, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the registration records as being an Owner, with respect to (i) the accuracy of any records maintained by DTC or any Participant; (ii) the payment by DTC or any Participant of any amount in respect of the principal or interest represented by such Series A Bonds; (iii) any notice which is permitted or required to be given to the Owners under this Indenture; (iv) the selection by DTC or any Participant of any person to receive payment in the event, if any, of a partial prepayment of the Bonds; or (v) any consent given or other action taken by DTC as Owner. The Paying Agent shall pay all principal of and premium, if any, and interest on the Bonds only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter. Upon delivery by DTC to the Paying Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Bonds will be transferable to such new nominee in accordance with subsection (f) of this Section 2.10.

(c) In the event that the Authority determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain bonds, the Paying Agent shall, upon the written instruction of the Authority, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of Bonds. In such event, the Bonds will be transferable in accordance with subsection (f) of this Section 2.10. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice of such discontinuance to the County, the Authority or the Paying Agent and discharging its responsibilities with respect thereto under applicable law. In such event, the Bonds will be transferable in accordance with subsection (f) of this Section 2.10. Whenever DTC requests the County, the Authority or the Paying Agent to do so, the Paying Agent, the Authority and the County will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all Bonds evidencing the Bonds then Outstanding. In such event, the Bonds will be transferable to such securities depository in accordance with subsection (f) of this Section 2.10, and thereafter, all reference in this Indenture to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision of this Indenture to the contrary, so long as all Bonds Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal and interest represented by each such Bond and all notices with respect to each such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) The Authority shall execute and deliver the Representation Letter and, in connection with any successor nominee for DTC and any successor depository, enter into comparable arrangements, and shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Indenture.

(f) In the event that any transfer or exchange of Bonds is authorized under subsection (b) or (c) of this Section 2.10, such transfer or exchange shall be accomplished upon receipt by the Paying Agent from the registered owner thereof of the Bonds to be transferred or

exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Section 2.7. In the event Bonds are issued to holders other than Cede & Co., its successor as nominee for DTC as holder of all the Bonds, another securities depository as holder of all the Bonds, or the nominee of such successor securities depository, the provisions of Section 2.3, Section 2.9 and Article III shall also apply to, among other things, the registration, exchange and transfer of the Bonds and the method of payment of principal of, premium, if any, and interest on the Bonds.

Section 2.11. Validity of the Bonds. The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the Improvements or upon the performance by any person of such person's obligation with respect to the Improvements.

Section 2.12. Refunding of Bonds. The Bonds may be refunded by the Authority in accordance with Section 4.8 and may be refunded at any other time by the Authority as permitted by and in accordance with this Indenture and applicable law including, but not limited to, the JPA Act.

Section 2.13. Unclaimed Money. To the extent permitted by law, all money which the Paying Agent shall have received from any source and set aside for the purpose of paying or redeeming any of the Bonds shall be held for the respective Owners of such Bonds, but any money which shall be so set aside or deposited by the Paying Agent and which shall remain unclaimed by the Owners of such Bonds for a period of one year after the date on which any payment or redemption with respect to such Bonds shall have become due and payable shall be transferred to the Authority; provided, however, that the Paying Agent, before making such payment, shall cause notice of unclaimed money to be mailed to the Owners of such Bonds, by first class mail, postage prepaid. Thereafter, the Owners of such Bonds shall look only to the Authority for payment and then only to the extent of the amount so received without any interest thereon.

Section 2.14. Nonpresentment of Bonds. Except as otherwise provided in Section 2.13 hereof, in the event any Bonds shall not be presented for payment when the principal or redemption price thereof becomes due, if funds sufficient to pay such Bonds shall be held by the Paying Agent for the benefit of the Owners thereof, all liability of the Authority to the Owners thereof shall forthwith cease and be completely discharged and thereupon it shall be the duty of the Paying Agent to hold such funds (subject to Section 2.13 hereof), without liability for interest thereon, for the benefit of the Owners of such Bonds, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on or with respect to such Bonds.

Section 2.15. Additional Bonds. (a) The Authority hereby authorizes and approves the issuance of Additional Bonds for the purpose of financing further County disbursements under and in accordance with the LACEP, which Additional Bonds shall be issued and delivered pursuant to Supplemental Indentures and agreements, including additional Loan Agreements and bond purchase agreements, as may be approved by the Authority Board from time to time.

The Authority may issue bonds of equal security with that of the Bonds payable from the Assessment Installments as provided herein on a parity with any Bonds theretofore issued hereunder, but only subject to the following conditions:

(i) The issuance of such Bonds shall have been authorized under and pursuant to the JPA Act and under and pursuant hereto and shall have been provided for by a supplemental indenture which shall specify the following:

(1) The proceeds of the sale of such Bonds shall be applied for the purpose of providing funds to refund any Bonds issued hereunder or for the purpose of funding additional Loans to the County, which Loans shall be repaid from additional Assessments;

(2) The principal amount and designation of such Bonds and the denomination or denominations of the Bonds;

(3) The date, the maturity date or dates, the interest payment dates and the dates on which mandatory sinking fund payments are due, if any, for such Bonds; provided, that (i) the serial Bonds shall be payable as to principal annually on September 2 of each year in which principal falls due, and the term Bonds shall have annual mandatory redemption on September 2, (ii) the Bonds shall be payable as to interest semiannually on March 2 and September 2 of each year, except that the first installment of interest may be payable on either March 2 or September 2 and shall become due on the interest payment date which is six months before the maturity of the first series of Bonds and the interest shall be payable thereafter semiannually on March 2 and September 2, (iii) all Bonds of like maturity shall be identical in all respects, except as to number or denomination, and (iv) serial maturities of serial Bonds or mandatory sinking fund payments for term Bonds, or any combination thereof, shall be established to provide for the redemption or payment of such Bonds on or before their respective maturity dates;

(4) The redemption premiums and terms, if any, for such Bonds;

(5) The form of the Bonds;

(6) The amount to be deposited from the proceeds of sale of such Bonds or other County funds, if any, in the Reserve Fund to increase the amount therein to an amount at least equal to the Reserve Requirement for all Outstanding Bonds of the Authority secured on a parity by the Assessment Installments; and

(7) Such other provisions that are appropriate or necessary and are not inconsistent with the provisions hereof; and

(ii) The Authority shall be in compliance with all agreements, conditions, covenants and terms contained herein and in all Supplemental Indentures required to be observed or performed by it.

(b) Additional Bonds authorized to be issued under this Section 2.15 may only be issued if no Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) has occurred and is continuing (unless such default

is to be remedied upon the issuance of such Additional Bonds) and the Reserve Requirement is to be satisfied upon the issuance of such Additional Bonds.

Section 2.16. Restrictions on Transfer of Bonds. The transfer of the Bonds shall be restricted [as determined by the Authority.]

### ARTICLE III

#### REDEMPTION OF BONDS

Section 3.1. Mandatory Redemption of Series A Bonds. The Series A Bonds shall be redeemed prior to maturity, in whole or in part on any Interest Payment Date, pro rata among maturities and by lot within a maturity, from Loan prepayments on deposit and available for such purpose in the related Loan Prepayment Account of the Debt Service Fund, to the extent of and in the manner set forth in Section 4.4(c) of this Indenture at the redemption price equal to 10% of the principal amount of the Series A Bonds to be redeemed, together with accrued interest to the date of redemption.

Section 3.2. Optional Redemption of Series A Bonds. The Series A Bonds maturing on or after September 2, 20\_\_ are subject to redemption prior to maturity, in whole or in part on any Interest Payment Date, on and after September 2, 20\_\_, pro rata among maturities and by lot within a maturity, from surplus monies on deposit and available for such purpose in the Debt Service Fund from sources other than those in the Loan Prepayment Account, at the option of the Authority at the redemption price equal to the principal amount thereof, together with a premium (expressed as a percentage of the principal amount of Series A Bonds to be redeemed), plus accrued interest to the date of redemption as set forth in the following table:

<u>Redemption Dates</u>	<u>Redemption Premium</u>
Interest Payment Dates Through [March 2, 20__ – at least five years from date of issuance]	__%
September 2, 20__ and March 2, 20__	__
September 2, 20__ and March 2, 20__	__
September 2, 20__ and thereafter	__

In the event that the Authority shall elect to redeem the Series A Bonds as provided in this Section 3.2, the Authority shall give written notice to the Paying Agent of its election to so redeem the Series A Bonds, the redemption date and the principal amount of each Series of Bonds to be redeemed. Such notice shall be given at least [45] days but no more than [75] days prior to the redemption date.

Section 3.3. Mandatory Sinking Fund Redemption of Series A Bonds. The Series A Bonds maturing on September 2, 20\_\_ (the "Series A Term Bonds") are also subject to mandatory sinking fund redemption in part, by lot, on such September 2 from mandatory sinking fund payments deposited into the Debt Service Fund, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium:

<u>Year</u>	<u>Principal Amount</u>
	\$

\*

\* Maturity.

If some but not all of the Series A Term Bonds maturing on September 2, 20\_\_ are redeemed pursuant to Section 3.1 or Section 3.2 hereof, the principal amount of Series A Term Bonds maturing on September 2, 20\_\_ to be subsequently redeemed pursuant to this subsection shall be reduced by the aggregate principal amount of the Series A Term Bonds maturing on September 2, 20\_\_ so redeemed pursuant to Section 3.1 or Section 3.2 hereof, such reduction to be allocated among redemption dates in amounts of \$5,000 or integral multiples thereof, as designated by the Authority in a written certificate of the Authority filed with the Fiscal Agent.

In lieu of having the Fiscal Agent deposit cash with the Paying Agent as a mandatory sinking fund payment, the Authority shall have the option to tender to the Paying Agent for cancellation any amount of Series A Bonds purchased by the Authority or the County, which Series A Bonds may be purchased by the Authority or the County at public or private sale as and when and at such prices as the Authority or the County may in its discretion determine. The principal amount of any Series A Bonds so purchased by the Authority or the County and tendered to the Paying Agent in any twelve-month period ending on July 1 in any calendar year shall be credited towards and shall reduce the next mandatory sinking fund payments required to be made in the order in which they are required to be made pursuant to this Section 3.3.

Section 3.4. Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of a Series of Bonds, the Fiscal Agent shall select the Bonds to be redeemed from all Bonds of a Series not previously called for redemption, by lot in any manner which the Fiscal Agent in its sole discretion shall deem appropriate and fair, subject to compliance with Section 8768 of the Streets and Highways Code as specified in a written certificate of the Authority. For purposes of such selection, all Bonds of a Series shall be deemed to be comprised of separate \$5,000 denominations and such separate denominations shall be treated as separate Bonds which may be separately redeemed.

Section 3.5. Partial Redemption of Bonds. Upon surrender of any Bond to be redeemed in part only, the Paying Agent shall authenticate and deliver to the Owner a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered, with the same interest rate and the same maturity and of the same Series. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the Authority shall be released and discharged thereupon from all liability to the extent of such payment.

Section 3.6. Notice of Redemption. The Paying Agent on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, at least 30 days (or other shorter period upon the consent of

the Owners of any Bonds designed for redemption) but not more than sixty 60 days prior to the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers (if any) of the Bonds to be redeemed, the Bond numbers and the maturity or maturities (except in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the office of the Paying Agent for redemption at the Redemption Price, giving notice also that further interest on such Bonds will not accrue from and after the date fixed for redemption and with regard to optional redemption in the event that funds required to pay the redemption price are not on deposit under the Paying Agent Agreement at the time the notice of redemption is sent, a statement to the effect that the redemption is conditioned upon the receipt of the appropriate funds required to pay the redemption price by the Paying Agent on or prior to the redemption date. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the sufficiency of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption. The Authority has the right to rescind any optional redemption from prepayments of unpaid assessments by written notice to the Paying Agent on or prior to the date fixed for redemption. Any notice of redemption shall be canceled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default hereunder. The Paying Agent shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

If the Bonds are issued in book-entry form, notice shall also be provided to the Securities Depositories and the Information Services.

Section 3.7. Effect of Notice and Availability of Redemption Price. Notice of redemption having been duly given as aforesaid, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption: (1) the Bonds, or portions thereof, designated for redemption shall, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in this Indenture, anything in this Indenture or in the Bonds to the contrary notwithstanding; (2) upon presentation and surrender thereof at the office of the Paying Agent, such Bonds shall be redeemed at the redemption price; (3) from and after the Redemption Date, the Bonds or portions thereof so designated for redemption shall be deemed to be no longer Outstanding and such Bonds or portions thereof shall cease to accrue interest; and (4) from and after the date fixed for redemption no Owner of any of the Bonds or portions thereof so designated for redemption shall be entitled to any of the benefits of this Indenture or to any other rights, except with respect to payment of the redemption price and interest accrued to the Redemption Date from the amounts so made available.

## **ARTICLE IV**

### **FUNDS AND ACCOUNTS**

Section 4.1. Establishment of Funds and Accounts. The following funds and accounts are hereby created and established and shall be maintained by the Fiscal Agent for the administration and control of the proceeds of the Bonds, the Revenues and any related moneys:



(a) Los Angeles County Energy Program Contractual Assessment Revenue Bonds Loan Fund (the "Loan Fund"), within which there shall be a separate account with appropriate designations for each Series of New Money Bonds;

(b) Los Angeles County Energy Program Contractual Assessment Revenue Bonds Escrow Fund (the "Escrow Fund"), within which there shall be a separate account with appropriate designations for each Series of Refunding Bonds;

(c) Los Angeles County Energy Program Contractual Assessment Revenue Bonds Debt Service Fund (the "Debt Service Fund"), within which there shall be established (A) the Loan Payment Account (the "Loan Payment Account"); and (B) the Loan Prepayment Account (the "Loan Prepayment Account");

(d) Los Angeles County Energy Program Contractual Assessment Revenue Bonds Reserve Fund (the "Reserve Fund"); and

(e) Los Angeles County Energy Program Contractual Assessment Revenue Bonds Costs of Issuance Fund (the "Costs of Issuance Fund"), within which there shall be a separate account with appropriate designations for each Series of Bonds.

The funds and accounts established herein may be subdivided into accounts and sub-accounts, as applicable, to perform the necessary rebate calculations or to administer the funds as provided in this Indenture.

Section 4.2. Application of Proceeds of the Series A Bonds. On the Closing Date for the Series A Bonds, the proceeds of the sale of the Series A Bonds in the amount of \$\_\_\_\_\_ shall be paid to the Fiscal Agent and transferred or deposited by the Fiscal Agent as follows:

(a) \$\_\_\_\_\_ in the account within the Loan Fund established for the Series A Bonds and transferred to the County;

(b) \$\_\_\_\_\_ in the Reserve Fund, constituting the full amount of the Reserve Requirement; and

(c) \$\_\_\_\_\_ in the account within the Costs of Issuance Fund established for the Series A Bonds.

Section 4.3. Loan Fund. The Fiscal Agent hereby agrees to maintain the Loan Fund and the accounts therein, into which shall be deposited the balance of the proceeds of sale of the Bonds pursuant to Section 2.3, after making the deposits to the Escrow Fund required (if any) by Section 4.8, if any. The Fiscal Agent may establish in the Loan Fund one or more accounts as it may deem necessary or convenient for the purpose of holding the proceeds of separate Series of Bonds subject to separate Loan Agreements. Moneys in the Loan Fund or in any accounts therein shall be disbursed by the Fiscal Agent to the County in accordance with Section 4.2(a) hereof or as otherwise provided in a written request of the County provided to the Fiscal Agent.

Section 4.4. Debt Service Fund and Accounts. (a) The Fiscal Agent hereby agrees to maintain the Debt Service Fund (the "Debt Service Fund") and the accounts therein until all payments of principal of and premium (if any) and interest on the Bonds have been made and all of the Bonds have been paid or redeemed. The Fiscal Agent shall establish within the Debt Service Fund a Loan Payment Account and a Loan Prepayment Account. All sums received by the Authority from the County pursuant to the Loan Agreements in connection with the collection of Assessment Installments, including any redemption period interest and penalties thereon and the proceeds of the exercise of any of the remedies for delinquent payments available hereunder or under the 1913 Act or the 1915 Act, shall be deposited and held in the Loan Payment Account of the Debt Service Fund relating to the Series of Bonds to which such Revenues are pledged as security.

(b) The Paying Agent shall make payments of interest and principal, respectively, due and payable with respect to Bonds from monies which shall be transferred to it by the Fiscal Agent on or before such date from the Loan Payment Account of the Debt Service Fund on each Interest Payment Date and each Principal Payment Date. In the event of any deficiency in the Loan Payment Account, the Fiscal Agent shall, to the extent available, transfer amounts from the Reserve Fund to the Loan Payment Account or directly to the Paying Agent in accordance with Section 4.7 hereof for application first to the payment of interest on the Bonds, and then to the payment of principal due on such Bonds and then to the payment of principal due on such Bonds or any portion thereof called for redemption pursuant to Section 3.2 hereof.

On each September 2 beginning on the first Principal Payment Date, all monies in the Loan Payment Account in excess of the amount necessary to make the payments of principal of and interest on the Bonds then due or overdue and payable on such date (assuming all Owners entitled to payment on or before such date take or have taken any and all actions necessary on their part to receive amounts due them) shall be transferred by the Fiscal Agent (i) first to the Reserve Fund to the extent of any deficiency therein, for application in accordance with Section 4.7 hereof, and (ii) second, to a special account to be established and maintained by the Fiscal Agent to be designated the Loan Prepayment Account of the Debt Service Fund for application to the redemption of the Bonds pursuant to Section 3.2 hereof.

(c) Amounts received from, or on behalf of, the County as prepayment of any Loan pursuant to Section 4.5(a) shall be deposited by the Fiscal Agent in the Loan Prepayment Account of the Debt Service Fund for application pursuant to Section 4.5(b) hereof. The Fiscal Agent shall deposit in the Loan Prepayment Account amounts transferred to such account from the Reserve Fund pursuant to Section 4.7 below. Amounts in the Loan Prepayment Account shall be used to pay the principal of and redemption premium on Bonds the maturities of which shall have been advanced pursuant to Parts 11 or 11.1 of the 1915 Act, codified as Sections 8750 et seq. and 8760 et seq. of the California Streets and Highways Code. The Paying Agent, at the direction of the Treasurer if the Paying Agent is not the Treasurer, shall advance the maturity of and call Bonds for redemption pursuant to this Indenture and the 1915 Act whenever and to the extent surplus monies are on deposit in the Loan Prepayment Account sufficient to pay the principal of Bonds in integral \$5,000 amounts plus the redemption premium thereon. On or after each Redemption Date, or prior thereto with the consent of the Treasurer, upon presentation and surrender thereof, the Paying Agent shall pay the principal of and redemption premium on each Bond the maturity of which has been so advanced from the Loan Prepayment Account. Interest

accrued on each such Bond to the earlier of the payment date or Redemption Date shall be paid from monies transferred to the Paying Agent on or before such date by the Fiscal Agent from the Loan Payment Account of the Debt Service Fund.

(d) If there is a surplus remaining in any account in the Debt Service Fund after payment of all Bonds and the interest thereon, plus applicable redemption premium (if any), that surplus shall be released from the pledge and lien hereof and transferred to the County to be used for the benefit of the LACEP.

Section 4.5. Prepayment of Loans from Assessment Prepayments. (a) The County shall prepay any Loan to the extent any owner of assessed land may prepay the Assessment of an Assessment Contract.

(b) Upon prepayment of a Loan pursuant to subsection (a) above, the Fiscal Agent shall deposit such payment in the Debt Service Fund for payment to Owners of the corresponding Bonds to be redeemed in accordance with Section 3.1. If notice of redemption is given in accordance with Section 3.6 hereof, the Bonds so advanced shall mature and become payable as set forth in Section 3.7 hereof.

Section 4.6. Costs of Issuance Fund. The Fiscal Agent hereby agrees to maintain the Costs of Issuance Fund and the accounts therein. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Fiscal Agent from time to time to pay the Costs of Issuance upon submission of a Disbursement Request of the Authority, substantially in the form of Exhibit B hereto, stating (a) the Person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the applicable account of the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior disbursement from the applicable account of the Costs of Issuance Fund; in each case together with a statement or invoice for each amount requested thereunder. On or before 180 days following the issuance of a Series of Bonds, the Fiscal Agent shall transfer all amounts (if any) remaining in the Costs of Issuance Fund to the Debt Service Fund.

Section 4.7. Reserve Fund. (a) The Fiscal Agent hereby agrees to maintain and hold in trust a special fund designated the "Reserve Fund" until all payments of principal of and premium (if any) and interest on the Bonds have been made and all Bonds have been paid or redeemed. At the time of issuance of a Series of the Bonds, there shall be deposited in the Reserve Fund an amount that will, together with amounts on deposit in the Reserve Fund, equal the Reserve Requirement. There shall be maintained in the Reserve Fund an amount equal to the Reserve Requirement. Additional deposits shall be made as provided in the 1915 Act and this Indenture.

The Authority shall cause the Reserve Fund to be administered in accordance with Part 16 of the 1915 Act; provided that proceeds from redemption or sale of properties, with respect to which payment of delinquent Assessments and interest thereon was made from the Reserve Fund, shall be credited to the Reserve Fund.

(b) Moneys in the Reserve Fund shall be used solely for the purpose of paying the principal of and interest on the Bonds (i) in the event of early prepayment of assessments in an amount which shall equal the ratio of the total amount initially provided for the Reserve Fund to the total amount originally assessed in the proceedings for the Bonds said ratio multiplied by the amount of the prepayment, (ii) or in the event that the moneys in the Debt Service Fund are insufficient therefor, and the Fiscal Agent shall withdraw from the Reserve Fund and deposit in the Debt Service Fund moneys necessary for such purpose.

(c) On each September 2, the Fiscal Agent shall transfer to the Reserve Fund any excess amounts in the Loan Payment Account of the Debt Service Fund pursuant to the second paragraph of section 4.4(b). On each September 2 the Fiscal Agent shall, after making any transfer called for by the preceding sentence, determine whether amounts then on deposit in the Reserve Fund are less than, equal to or exceed the Reserve Requirement. Any such excess shall, to the extent permitted by law, be applied by the Fiscal Agent as follows:

(i) First, to the Loan Payment Account of the Debt Service Fund to be applied to the payment of principal or interest due on the Bonds; and

(ii) Second, to the Loan Prepayment Account of the Debt Service Fund for application to the redemption of Bonds pursuant to Section 3.2 hereof.

(d) Whenever, after the issuance of the Bonds, an Assessment is prepaid, in whole or in part, as provided in the 1915 Act, the Fiscal Agent, pursuant to a Written Request of the Authority, shall transfer from the Reserve Fund to the Debt Service Fund an amount, specified in such Written Request, equal to the product of the ratio of the original amount of the Assessment so paid to the original amount of all unpaid Assessments, times the initial Reserve Requirement; provided, however, no such transfer shall be made if after the transfer the amounts in the Reserve Fund then remaining will not equal the Reserve Requirement. The Fiscal Agent may conclusively rely upon the Authority's determination that the remaining funds equal the Reserve Requirement.

(e) So long as no Event of Default shall have occurred and be continuing any amount in the Reserve Fund in excess of the Reserve Requirement on December 15 and June 15 of each year shall be withdrawn from the Reserve Fund by the Fiscal Agent and shall be deposited in the Debt Service Fund.

(f) Whenever the balance in the Reserve Fund is sufficient to retire all the Outstanding Bonds, whether by advance retirement or otherwise, collection of the principal and interest on the Assessments shall be discontinued and the Reserve Fund liquidated by the Fiscal Agent in retirement of the Outstanding Bonds, as directed by a Written Request of the Authority. In the event that the balance in the Reserve Fund at the time of liquidation exceeds the amount required to retire all of the Outstanding Bonds, the excess shall, after payment of amounts due to the Fiscal Agent, be transferred to the Authority to be used in accordance with the JPA Act and the 1915 Act.

(g) All amounts remaining in the Reserve Fund in the year in which the last Assessments become due and payable shall be credited toward said Assessments and transferred to the Debt Service Fund pursuant to a Written Request of the Authority.

(h) All or a portion of the Reserve Requirement may be satisfied by the provision of one or more policies of municipal bond insurance or surety bonds issued by a municipal bond insurer or by a letter of credit issued by a bank, the obligations insured by which insurer or issued by which bank, as the case may be, having ratings at the time of issuance of such policy or surety bond or letter of credit equal to "AA" or higher assigned by Fitch or "Aa" or higher assigned by Moody's or "AA" or higher assigned by Standard & Poor's.

Section 4.8. Escrow Fund; Refunding Bonds. (a) The Fiscal Agent hereby agrees to maintain the Escrow Fund and the accounts therein, into which shall be deposited net proceeds of Refunding Bonds to be used to redeem Outstanding Prior Bonds.

(b) In accordance with Section 9.1 of this Indenture, upon the issuance of any Series of Refunding Bonds, the Authority shall cause to be deposited with the Fiscal Agent in the applicable account of the Escrow Fund the following: (i) the then Outstanding principal amount of the Prior Bonds being refunded and defeased by such Series of Refunding Bonds, and (ii) interest accrued and unpaid on such Prior Bonds to the Redemption Date.

(c) Upon receipt of the moneys described in subsection (b) above, the Fiscal Agent shall pay such moneys to the Owners of the Prior Bonds for the equal and ratable benefit of such Owners. A Redemption Notice shall be provided by the Fiscal Agent to the Owners of the Prior Bonds in accordance with Section 3.6.

(d) The Authority and the Fiscal Agent represent and agree that, concurrently with the initial deposit of the moneys in the applicable account of the Escrow Fund pursuant to this Section 4.8, (i) the Prior Bonds will no longer be deemed to be Outstanding and unpaid within the meaning and with the effect expressed in Section 9.1 of this Indenture, and (ii) the Prior Loan will no longer be deemed to be outstanding and unpaid within the meaning and with the effect expressed in the Prior Loan Agreement.

(e) Monies remaining on deposit in any account of the Escrow Fund after payment of all amounts to the Owners of the applicable Series of Prior Bonds shall be released to the County for the benefit of the LACEP within five (5) Business Days after such payment to the Owners of the applicable Series of Prior Bonds,

Section 4.9. Investments. (a) Except for any escrow fund established hereunder (and the accounts therein), all moneys in any of the funds or accounts established pursuant to this Indenture shall be invested by the Fiscal Agent solely in Authorized Investments. All moneys in any escrow fund established hereunder (and the accounts therein) shall be invested by the Fiscal Agent solely in Federal Securities. Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account. Moneys in the Debt Service Fund and the accounts therein shall be invested only in obligations which will by their terms mature on such dates as to ensure the timely payment of principal and interest on the corresponding Bonds as the same become due.

(b) All interest or gain derived from the investment of amounts in any of the funds or accounts hereunder shall be deposited in the fund or account from which such investment was made. The Fiscal Agent shall incur no liability for losses arising from any investments made pursuant to this Section.

(c) For the purpose of determining the amount in any fund or account hereunder, the value of investments credited to such fund or account shall be calculated at the cost thereof, excluding accrued interest and brokerage commissions, if any.

(d) The Fiscal Agent shall sell at the best price obtainable or present for redemption any obligations so purchased whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer for such funds and accounts or from such funds and accounts. For the purpose of determining at any given time the balance in any fund or account, any such investments constituting a part of such fund and account shall be valued at their amortized cost.

## ARTICLE V

### COVENANTS

So long as any of the Bonds issued hereunder are outstanding, the Authority and the County makes the following covenants with the Owners (to be performed by the Authority or its proper officers, agents or employees), which covenants are necessary, convenient and desirable to secure the Bonds; provided, however, that said covenants do not require the Authority or the County to expend any funds other than the Revenues.

Section 5.1. Compliance with Indenture. The Authority will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture required to be observed or performed by it.

Section 5.2. General. The Authority shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions of this Indenture. The Authority warrants that upon the date of execution and delivery of the Bonds, all conditions, acts and things required by law and this Indenture to exist, to have happened and to have been performed precedent to and in the execution and delivery of such Bonds do exist, have happened and have been performed and the execution and delivery of the Bonds shall comply in all respects with the applicable laws of the State.

Section 5.3. Punctual Payment. The Authority shall punctually pay or cause to be paid the principal, premium (if any) and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Revenues and other moneys pledged for such payment as provided in this Indenture and received by the Authority or the Fiscal Agent hereunder.

Section 5.4. Extension of Payment of Bonds. The Authority shall not directly or indirectly extend the maturity dates of the Bonds or the time of payment of interest with respect thereto. Nothing herein shall be deemed to limit the right of the Authority to issue any

securities for the purpose of providing funds for the redemption of the Bonds and such issuance shall not be deemed to constitute an extension of the maturity of the Bonds.

Section 5.5. Protection of Rights. The Authority will preserve and protect the security of the Bonds and the rights of the Owners against all claims and demands of all persons, and will faithfully perform and abide by all of the covenants, undertakings and provisions contained in this Indenture or in any Bond issued pursuant to this Indenture and will contest by court action or otherwise (a) the assertion by any officer of any government unit or any other person whatsoever against the Authority that (i) the JPA Act or the Contractual Assessment Law is unconstitutional, (ii) the Assessments are invalid, or (iii) the Assessments cannot be applied by the County to pay debt service on the Bonds, or (b) any other action affecting the validity of the Bonds or diluting the security therefor.

Section 5.6. Against Encumbrances. The Authority will not encumber, pledge or place any charge or lien upon any of the Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, except as permitted by this Indenture.

Section 5.7. Deferral of Assessments. The County will refrain from directly or indirectly extending or deferring the payment of any Assessment Installment.

Section 5.8. Accounting Records and Statements. The Authority will keep or cause to be kept proper accounting records in which complete and correct entries shall be made of all transactions relating to the receipt, deposit and disbursement of the Assessment Installments, and such accounting records shall be available for inspection upon five (5) business days' written notice by any Owner or such Owner's agent duly authorized in writing at reasonable hours and under reasonable conditions.

Section 5.9. Covenant to Foreclose. (a) The County will initiate procedures to determine or cause to be determined if any Assessment was not paid when due during the fiscal year ended the prior June 30. If any such assessment was not paid and if the balance in the Reserve Fund is less than the Reserve Requirement, the County shall, upon the written request of the Owners pursuant to Section 8.2(b) hereof, send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner, and if the delinquency remains uncured within 90 days of such notice, order and cause to be commenced, and thereafter prosecute to completion pursuant to Section 8830 et seq. of the California Streets and Highways Code, judicial foreclosure proceedings upon the lien of delinquent unpaid assessments as necessary or desirable to result in assessment revenues sufficient to pay any delinquent principal of or interest on the Bonds and satisfy the Reserve Requirement. Upon the redemption or sale of the real property responsible for such delinquent Assessment Installments, or resale as provided below, the County shall deposit to the Reserve Fund, the amount of any delinquency advanced therefrom to the Debt Service Fund for payment of interest on or principal of Bonds.

(b) In the event that real property with an Assessment is neither redeemed by the owner thereof nor sold to a third party purchaser at such foreclosure sale, the County may, but shall not be obligated to, cause a credit bid on behalf of and in the name of the County to be entered in the amount due the County and shall cause a sheriff's deed for said real property to be

executed in the name of the County. The proceeds from any resale of such real property on which there is an Assessment shall be applied in the following order: (i) to make any past due payments of principal of or interest on the Bonds, (ii) to restore the Reserve Fund to the Reserve Requirement, (iii) to the payment of any continuing costs of the Bonds, and (iv) for the redemption of Bonds pursuant to Section 3.2 hereof with credit for such redemption credited pro rata against all Assessments.

(c) In the event that the Treasurer and the County make the determinations described in the Sections 8770-8772 of the 1915 Act in connection with the prospects of an ultimate loss accruing to the bondholders, the County, the Treasurer and the Fiscal Agent shall take the actions required by Sections 8770-8784 of said Act and Owners of Bonds shall be deemed to have consented to do such things as are required by such Sections of Owners of Bonds.

Section 5.10. Further Assurances. The Authority will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of its duties under this Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture.

## ARTICLE VI

### PAYING AGENT AND FISCAL AGENT

Section 6.1. Paying Agent and Fiscal Agent. The Authority hereby appoints the Treasurer of the County, or his designated agents, as the Paying Agent and the Auditor, or his designated agents, as the Fiscal Agent for the Bonds.

The Paying Agent is hereby authorized to and shall mail interest payments to the Owners, select Bonds for redemption, give notice of redemption and maintain the Bond Register. The Paying Agent is hereby authorized to and shall pay, from funds on deposit for such purposes hereunder, the principal of and premium, if any, on the Bonds when the same are duly presented to it for payment at maturity or on call and redemption, provide for the registration of transfer and exchange of Bonds presented to it for such purposes, provide for the cancellation of Bonds all as provided in this Indenture, and provide for the authentication of Bonds, and shall perform all other duties assigned to or imposed on it as provided in this Indenture. The Paying Agent shall keep accurate records of all Bonds paid and discharged by it.

The Fiscal Agent is also authorized to and shall maintain and administer funds and accounts established pursuant to Section 4.1 hereof. The Fiscal Agent shall keep accurate records of all funds administered by it. The Authority further authorizes and designates the Auditor to perform those functions of the Fiscal Agent set forth herein which, pursuant to the Contractual Assessment Law and the provisions incorporated therein by reference, are to be performed by the treasurer.

Each of the initially appointed Paying Agent and Fiscal Agent may contract with any third party to perform any or all of their obligations and duties under this Indenture. The



Paying Agent and Fiscal Agent may each be removed by the Authority and a successor or successors may be appointed. So long as any Bonds are Outstanding and unpaid, the Paying Agent, the Fiscal Agent and any successor or successors thereto designated by the Authority shall continue to be Paying Agent and Fiscal Agent, respectively, of the Authority for all of said purposes until the designation of a successor or successors.

Section 6.2. Liability of Paying Agent and Fiscal Agent. The recitals of fact and all promises, covenants and agreements contained herein and in the Bonds shall be taken as statements, promises, covenants and agreements of the Authority, and the Paying Agent and the Fiscal Agent assume no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of this Indenture or of the Bonds, and shall incur no responsibility in respect thereof, other than in connection with its duties or obligations set forth herein or in the Bonds or in the certificate of authentication and registration assigned to or imposed upon the Paying Agent or the Fiscal Agent, as applicable. The Paying Agent shall be under no responsibility or duty with respect to the issuance of the Bonds for value. Neither the Paying Agent nor the Fiscal Agent shall be liable in connection with the performance of their respective duties hereunder, except for their respective negligence or default.

Section 6.3. Compensation. The Authority shall direct the County to pay, from the Program Expense Fund, to the Fiscal Agent from time to time reasonable compensation for all services rendered under this Indenture, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Indenture. Other than funds on deposit in the Program Expense Fund, in no event shall the Authority or the County be required to expend its own funds hereunder or under the Loan Agreements.

## ARTICLE VII

### SUPPLEMENTAL INDENTURES

Section 7.1. Supplemental Indenture Without Owner Consent. The Authority may from time to time, and at any time, without notice to or consent of any of the Owners enter into such indentures or agreements supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental indentures or agreements shall thereafter form a part hereof) for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Indenture or in any supplemental indenture, provided that such action shall not adversely affect the interests of the Owners;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the Authority contained in this Indenture other covenants, agreements, limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with this Indenture as theretofore in effect;

(c) to modify, alter, amend or supplement this Indenture in any other respect which is not materially adverse to the interests of the Owners; and

(d) to provide for the issuance of any Additional Bonds and to provide the terms of such Additional Bonds, subject to the conditions and upon compliance with the procedure set forth in Section 2.15 hereof.

Section 7.2. Supplemental Indentures with Owner Consent. Except as provided in Section 7.1, the Owners of not less than sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding shall have the right to consent to and approve the execution of such supplemental indentures as shall be deemed necessary or desirable for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture or agreement; provided, however, that nothing herein shall permit, or be construed as permitting, (a) an extension of the scheduled date of the principal payment of any Bond, or the payment date of interest on, any Bond without the consent of the Owner of such Bond, (b) a reduction in the principal amount of, or redemption price of, any Bond or the rate of interest thereon without the consent of the Owner of such Bond, (c) a reduction in the percentage of Bonds the Owners of which are required to consent to such supplemental indenture, without the consent of the Owners of all Bonds then Outstanding. Except as provided in Section 2.15 hereof, in no event may a modification or amendment provide for the issuance of additional bonds, notes or other evidences of indebtedness payable out of the Revenues.

Section 7.3. Notice of Supplemental Indenture to Owners. If at any time the parties hereto shall desire to enter into an indenture supplemental hereto, which pursuant to the terms of Section 7.2 shall require the consent of the Owners, the Authority shall cause notice of the proposed supplemental indenture to be mailed, postage prepaid, to all Owners at their addresses as they appear in the Registration Books. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that a copy thereof is on file at the office of the Authority for inspection by all Owners. The failure of any Owner to receive such notice shall not affect the validity of such supplemental indenture when consented to and approved as in Section 7.2 provided. Whenever at any time within one year after the date of the first mailing of such notice, the Authority shall receive an instrument or instruments purporting to be executed by the Owners of not less than sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed supplemental indenture described in such notice, and shall specifically consent to and approve it substantially in the form of the copy thereof referred to in such notice as on file with the Authority, such proposed supplemental indenture, when duly executed by the Authority, shall thereafter become a part of the proceedings for the issuance of the Bonds. In determining whether the Owners of the requisite aggregate principal amount of the Bonds have consented to the adoption of any supplemental indenture, Bonds which are owned by the County, the Authority, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the County or the Authority, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination.

Upon the execution and delivery of any indenture supplemental hereto and the receipt of consent to any such supplemental indenture from the Owners of the appropriate

aggregate principal amount of Bonds in instances where such consent is required, this Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Authority and all Owners of Bonds then Outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

## ARTICLE VIII

### DEFAULT

Section 8.1. Events of Default. Any one or more of the following events shall constitute an "Event of Default":

(a) Default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) Default in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable; or

(c) Default by the Authority in the observance of any of the agreements, conditions or covenants on its part in this Indenture or in the Bonds contained (other than a payment default referred to in subparagraphs (a) and (b) above), and the continuation of such default for a period of 60 days after the Authority shall have been given notice in writing of such default by any Owner; provided that if within 60 days the Authority has commenced curing of the default and diligently pursues elimination thereof, such period shall be extended to permit such default to be eliminated.

Section 8.2. Remedies on Default. (a) If any installment of principal or interest on any Bond is not paid when due, the owner of such Bond shall have the right to exercise such rights and remedies as are provided to such owner under the Contractual Assessment Law or under other applicable law.

(b) In the event the Authority fails to take any action to eliminate an Event of Default under Section 8.1 hereof, the Owners of not less than sixty percent (60%) in aggregate principal amount of a Series of Outstanding Bonds may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under this Indenture, but only if such Owners have first made written request of the Authority, after the right to exercise such powers or right of action shall have occurred, and shall have afforded the Authority a reasonable opportunity either to proceed to exercise the powers granted herein or granted under law or to institute such action, suit or proceeding in its name and unless also, the Authority shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Authority shall have refused or neglected to comply with such request within a reasonable time. Any moneys recovered in such suit, action, mandamus or other proceedings shall be applied first to the payment of the reasonable costs and expenses of the Owners in bringing such suit, action, mandamus or other proceeding, including reasonable compensation to their agents and attorney.

- (c) The principal of the Bonds shall not be subject to acceleration.

Section 8.3. Remedies Not Exclusive; Non-Waiver. No remedy conferred hereby upon any Owner is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the JPA Act, the Contractual Assessment Law, or any other law of the State. No waiver of any default or breach of duty or contract by any Owner shall affect any subsequent default or breach of duty or contract or shall impair any rights or remedies on said subsequent default or breach. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed as a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Owners may be enforced and exercised as often as may be deemed expedient. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and the Owner shall prevail, said Owner shall be entitled to receive reimbursement for reasonable costs, expenses, outlays and attorney's fees and should said suit, action or proceeding be abandoned, or be determined adversely to the Owners then, and in every such case, the Authority and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 8.4. Limited Liability of the Authority to the Owners; No Liability of the Authority. Except for the collection of the Revenues and the observance and performance of the other conditions, covenants and terms contained herein or in the JPA Act required to be observed or performed by it, the Authority shall not have any obligation or liability to the Owners with respect to this Indenture or the preparation, authentication, delivery, transfer, exchange or cancellation of the Bonds. The County has determined that no funds of the County will be available to pay principal of, premium, if any, or interest on the Bonds. The County has determined that pursuant to the Contractual Assessment Law, the County will not obligate itself to advance available funds from the County's treasury to cure any deficiency which may occur in the Debt Service Fund.

## ARTICLE IX

### MISCELLANEOUS

Section 9.1. Defeasance. If all Outstanding Bonds of a Series shall be paid and discharged in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest with respect to all Bonds of such Series then Outstanding, as and when the same become due and payable;

(b) by depositing with the Fiscal Agent, at or before maturity, an amount which, together with the amounts then on deposit in the corresponding account of the Debt Service Fund, is fully sufficient to pay the principal of and redemption premium (if any) and interest on all Bonds of such Series then Outstanding as and when the same shall become due and payable or, in the event of redemption thereof, before their respective Maturity Dates; or

(c) by depositing with the Fiscal Agent Federal Securities in such amount as the Authority shall determine, as verified by a nationally recognized Independent Public Accountant, will, together with the interest to accrue thereon and moneys then on deposit in the corresponding account of the Debt Service Fund together with the interest to accrue thereon, be fully sufficient to pay and discharge the principal of, and premium (if any) and interest on all Bonds of such Series then Outstanding as and when the same shall become due and payable;

then, at the election of the Authority, and notwithstanding that any Bonds of such Series shall not have been surrendered for payment, all obligations of the Authority under this Indenture with respect to all Outstanding Bonds of such Series shall cease and terminate, except for (i) the obligation of the Authority Treasurer to pay or cause to be paid to the Owners of the Bonds of such Series not so surrendered and paid, all sums due thereon, and (ii) the Authority's obligations under Section 5.3. Any funds held by the Fiscal Agent in such account of the Debt Service Fund, at the time of receipt of such notice from the Authority, which are not required for the purpose above mentioned, shall be transferred to the County to be used for the benefit of the LACEP.

Section 9.2. Cancellation of Bonds. All Bonds surrendered to the Fiscal Agent for payment upon maturity or redemption shall upon payment therefor be canceled immediately and forthwith transmitted to or upon the order of the Authority. All of the canceled Bonds shall be transferred to and shall remain in the custody of the Fiscal Agent until destroyed by the Fiscal Agent pursuant to due authorization.

Section 9.3. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Indenture to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds shall be sufficient for the purposes of this Indenture (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be proved by a signature guarantee of any bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee shall also constitute sufficient proof of his or her authority.

(b) As to any Bond, the person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute Owner thereof for all purposes, and payment of or on account of the principal of any such Bond, and the interest thereon, shall be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond and the interest thereon to the extent of the sum or sums so paid. The Fiscal Agent shall not be affected by any notice to the contrary.

Nothing in this Indenture shall be construed as limiting the Fiscal Agent to such proof, it being intended that the Fiscal Agent may accept any other evidence of the matters herein stated which the Fiscal Agent may deem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond in respect of anything done or suffered to be done by the Fiscal Agent in pursuance of such request or consent.

Section 9.4. Provisions Constitute Contract. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the Authority and the Owners from time to time of the Bonds; and the pledge made in this Indenture and the covenants and agreements herein set forth to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the owners of any and all of the Bonds, all of which, regardless of the time or times of their issuance, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or permitted by this Indenture.

Section 9.5. Payment on Business Day. In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period after such date.

Section 9.6. Disqualified Bonds. In the event of a later transfer of the Bonds in accordance with Section 2.7 hereof, in determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Authority or the County shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Fiscal Agent shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Fiscal Agent knows to be so owned or held shall be disregarded.

Section 9.7. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Indenture and the Bonds issued pursuant hereto shall remain valid and the Owners shall retain all valid rights and benefits accorded to them under this Indenture and the Constitution and laws of the State.

Section 9.8. Notice. Any notice, demand, direction, request or other instrument authorized or required by this Indenture to be given to or filed with the County, the Authority, the Paying Agent or the Fiscal Agent shall be deemed to have been sufficiently given or filed for all purposes of this Indenture if and when delivered to or sent by certified mail, return receipt requested to:

Authority: Los Angeles County Public Works Financing Authority  
County of Los Angeles  
500 West Temple Street, Room 437  
Los Angeles, California  
Attention: Executive Officer

County: County of Los Angeles  
500 West Temple Street, Room 437  
Los Angeles, California  
Attention: Treasurer and Tax Collector

Paying Agent: County of Los Angeles  
500 West Temple Street, Room 437  
Los Angeles, California  
Attention: Treasurer and Tax Collector

Fiscal Agent: County of Los Angeles  
500 West Temple Street, Room 603  
Los Angeles, California  
Attention: Auditor-Controller

All documents received by the Fiscal Agent of the Paying Agent under the provisions of this Indenture shall be retained in its possession, subject at all reasonable times to the inspection of the Authority, any Owner, and the agents and representatives thereof.

Section 9.9. No Personal Liability. The Authority, the County and the officer, agent or employee thereof shall not be individually or personally liable for the payment of the principal of or interest on the Bonds; but nothing herein contained shall relieve any such entity, officer, agent or employee from the performance of any official duty provided by law.

Section 9.10. Employment of Agents by the Authority. In order to perform its duties and obligations hereunder, the Authority may employ such persons or entities as it deems necessary or advisable. The Authority shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

Section 9.11. Counterparts. This Indenture may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument.

Section 9.12. Headings. Any headings preceding the texts of the several Articles hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

Section 9.13. Governing Law. All provisions of this Indenture are to be governed by the laws of the State.



IN WITNESS WHEREOF, the parties have executed this Indenture effective the date first above written.

[SEAL]

LOS ANGELES COUNTY PUBLIC WORKS  
FINANCING AUTHORITY

By: \_\_\_\_\_  
Chair of the Board of Directors

ATTEST:

Secretary

By: \_\_\_\_\_  
Deputy

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Chair of the Board of Supervisors

ATTEST:

SACHI A. HAMAI  
Executive Officer  
of the Board of Supervisors

By: \_\_\_\_\_  
Deputy

TREASURER AND TAX COLLECTOR OF THE  
COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Mark J. Saladino

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN  
COUNTY COUNSEL

By: \_\_\_\_\_  
Principal Deputy County Counsel

AUDITOR-CONTROLLER OF THE COUNTY  
OF LOS ANGELES

By: \_\_\_\_\_  
Wendy L. Watanabe

**EXHIBIT A**

**FORM OF BOND**

*[Transfer of this Bond is subject to the restrictions set forth in the herein referenced Indenture.]*

*[If this Bond is issued in book-entry form only: then unless this Bond is presented by an authorized representative of DTC (as defined in the indenture) to the trustee for registration of transfer, exchange or payment, and any Bond executed and delivered is registered in the name of Cede & Co. Or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. Or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, Cede & Co. Has an interest herein.]*

United States of America  
State of California  
County of Los Angeles

NUMBER [1]

\$ \_\_\_\_\_

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY  
LOS ANGELES COUNTY ENERGY PROGRAM  
CONTRACTUAL ASSESSMENT REVENUE [REFUNDING] BOND  
SERIES \_\_\_\_ (TAXABLE)

MATURITY DATE      DATED DATE      INTEREST RATE      [CUSIP NUMBER]

REGISTERED OWNER:

PRINCIPAL AMOUNT:

Under and by virtue of Articles 1 through 4 (commencing with Section 6500) of the Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended (the "JPA Act"), the Los Angeles County Public Works Financing Authority, a joint powers authority organized and existing under the laws of the State of California (the "Authority") hereby promises to pay (but only out of the Revenues as such term is defined in the Indenture, dated as of \_\_\_\_\_, 20\_\_ (the "Indenture") by and among the Authority, the County of Los Angeles, a political subdivision of the State of California (the "County"), the Treasurer and Tax Collector of the County, as paying agent (the "Paying Agent") to the registered owner hereof or registered assigns (the "Owner"), and the Auditor-Controller of the County, as fiscal agent (the "Fiscal Agent") to the Owner, on the Maturity Date identified above, subject to any

right of prior redemption hereinafter mentioned, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon at a rate of interest [determined pursuant to Resolution No. \_\_\_\_ of the Board of Directors of the Authority (the "Resolution of Issuance"), adopted on [May 25, 2010], in like money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication and registration of this Bond, unless this Bond is authenticated and registered (i) on an Interest Payment Date, in which event interest shall be payable from such date of authentication and registration, (ii) prior to an Interest Payment Date and after the close of business on the 15<sup>th</sup> day of the month immediately preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) prior to the close of business on February 15, \_\_\_\_\_, in which event it shall bear interest from the Bond Date stated above, until payment of such principal sum shall have been discharged; provided, however, that if at the time of authentication of such Bond, interest is in default, interest on that Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment.

The principal of this Bond shall be payable on the Maturity Date. Interest on this Bond shall be payable semiannually on March 2 and September 2 (each an "Interest Payment Date") in each year commencing on \_\_\_\_\_. Principal of and interest on this Bond shall be paid by check of the Paying Agent mailed on or before the Interest Payment Date by first class mail, postage prepaid, or upon satisfaction of certain conditions specified in the Indenture, by wire transfer or any other method acceptable to the Owner, to the person whose name appears in the Registrations Books as the Owner of such Bond as of the 15<sup>th</sup> day of the calendar month immediately preceding each Interest Payment Date, to the address of that person on the Registration Books, provided that the payment of principal of the Bond on the Maturity Date and the payment of the principal of the Bond and any premium due upon the redemption thereof shall be payable upon presentation and surrender thereof at maturity or earlier redemption at the office of the Paying Agent in Los Angeles, California.

This Bond shall bear interest until the principal amount has been paid; provided, however, that if at the Maturity Date, or if at the redemption date of any principal amount of this Bond which has been duly called for redemption as provided in the Indenture, funds are available for the payment or redemption thereof in full accordance with the terms of the Indenture, such principal amount shall then cease to bear interest.

This Bond is subject to redemption as set forth in the Indenture.

This Bond is issued by the Authority under the JPA Act and the Indenture for the purpose of funding, pursuant to that certain Loan Agreement, dated as of \_\_\_\_ 1, 20\_\_ (the Loan Agreement"), by and between the Authority and the County, a loan (the "Loan") to the County of certain distributed generation renewable energy sources and energy and water efficiency improvements pursuant to the Los Angeles County Energy Program established by the Board of Supervisors of the County pursuant to the Contractual Assessment Law. The obligation of the County to make payments to the Authority of principal and interest on the Loan is a limited obligation secured only as set forth in the Loan Agreement.

This Bond is secured by the Revenues, including the moneys in the Series \_\_\_\_\_ Account of the Debt Service Fund, and is payable exclusively out of such account. This

Bond and interest thereon are not secured by any other funds of the Authority or the County. Neither the credit of the County or the Authority nor the taxing power of the County is pledged for the payment of this Bond or the interest thereon, and no Owner of this Bond may compel the exercise of any taxing power by the County or force the forfeiture of any of its properties. The principal of, and premium (if any) and interest on this Bond are not a debt of the County nor a legal or equitable pledge, charge, lien or encumbrance upon any of the properties of the Authority or the County, or upon any of their income, receipts or revenues, other than the Revenues and the funds described in the Indenture. The Authority has no taxing power.

This Bond is transferable by the Owner hereof, in person or by the Owner's attorney duly authorized in writing, at the office of the Paying Agent, subject to the terms and conditions provided in the Indenture, including the payment of certain charges, if any, upon exchange, transfer, surrender or cancellation of this Bond. Upon transfer, a new registered Bond or Bonds, of [any authorized denomination or denominations], of the same maturity, and for the same aggregate principal amount, will be issued to the transferee in exchange therefor.

The Paying Agent shall not be required to exchange or register the transfer of Bonds during the 15 days immediately preceding any Interest Payment Date or of any Bonds selected for redemption in advance of maturity.

The Paying Agent and the Authority may treat the Owner hereof as the absolute owner for all purposes, and the Paying Agent and the Authority shall not be affected by any notice to the contrary.

This Bond or any portion of it in the amount of \$5,000 or any integral multiple thereof, or in such other denomination or denominations as determined by the Authority Treasurer in accordance with the Indenture, is subject to redemption and payment prior to maturity as set forth in the Indenture.

This Bond shall not be entitled to any benefit under the JPA Act or the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Paying Agent.

[The remainder of this page is intentionally left blank.]

THE AUTHORITY HAS CERTIFIED, RECITED AND DECLARED that all things, conditions and acts required by the Constitution and laws of the State of California and the Indenture to exist, to have happened and to have been performed precedent to and in the execution, authentication and the delivery of this Bond, do exist, have happened and have been performed in due time, form and manner, as required by law and the Indenture.

IN WITNESS WHEREOF, the Authority has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signatures of its Chair and Treasurer, all as of the dated date identified above.

LOS ANGELES COUNTY PUBLIC WORKS  
FINANCING AUTHORITY

By: \_\_\_\_\_  
Chair of the Board of Directors

ATTEST:

By: \_\_\_\_\_  
Treasurer

PAYING AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture which has been authenticated and registered on the \_\_ day of \_\_\_\_\_, 20\_\_.

TREASURER AND TAX COLLECTOR OF THE  
COUNTY, as Paying Agent

By: \_\_\_\_\_

[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_, whose tax identification number is \_\_\_\_\_, the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney to transfer the same on the books of the Fiscal Agent with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature guaranteed:

NOTE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

NOTICE. Signature must be guaranteed by a member of an institution which is a participant in the Securities Transfer Agent Medallion Program i STAMP or other similar program.

**EXHIBIT B**

**(LETTERHEAD OF THE APPLICABLE DEPARTMENT OF THE  
COUNTY OF LOS ANGELES)**

**PAYMENT REQUEST FORM**

Auditor-Controller, as Fiscal Agent  
500 West Temple Street, Room 603  
Los Angeles, CA 90012

**SUBJECT: REQUEST FOR PAYMENT OF COSTS OF ISSUANCE  
LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY  
LOS ANGELES COUNTY ENERGY PROGRAM  
CONTRACTUAL ASSESSMENT REVENUE BONDS, SERIES \_\_\_\_**

The Fiscal Agent is hereby requested to pay from the Costs of Issuance Fund established pursuant to the Indenture, dated as of \_\_\_\_\_ 1, 2010, executed by and among the Los Angeles County Public Works Financing Authority, the County of Los Angeles, the Treasurer and Tax Collector of the County of Los Angeles, as Paying Agent, and the Auditor-Controller of the County of Los Angeles, as Fiscal Agent, to the person, corporation or other entity designated below as Payee, the sum set forth below such designation, in payment of the Costs of Issuance described below. The amount shown below is due and payable under a purchase order, contract or other authorization with respect to the Costs of Issuance described below and has not formed the basis of any prior request for payment.

Payee:

Address:

Amount: \$ \_\_\_\_\_

Description:

Description of Costs of Issuance or portion thereof accepted by the County of Los Angeles and authorized to be paid to the Payee.

Executed by the Authorized  
Representative of the County  
of Los Angeles

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_\_\_\_

Title: \_\_\_\_\_

Payment Request No. \_\_\_\_\_

Attachment: (Attach duplicate original of Payee's statement(s) or invoice(s))